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NEWS SUMMARY

GENERAL

Legion disease death confirmed

The holiday company Intasun offered to fly home Britons staying at a Spanish hotel possibly linked to the deaths of three men—one from Legionnaires' Disease.

Medical tests confirmed that one of three Britons who died after a holiday at the Tropicana Gardens Hotel in Benidorm was suffering from the disease, Manchester Coroners' Office said.

Intasun said it was offering alternative accommodation to customers at the hotel who wanted to stay in Benidorm, and alternative holidays to people booked to stay there.

Hijack move

Pakistani prisoners who are to be exchanged for more than 100 hostages on a hijacked Pakistani airliner were expected to be flown to Damascus last night.

Prince falls

Prince Charles fell from his horse Good Prospect a mile from home in the Horse and Hound Grand Military Gold Cup at Sandown Park. Racing, Page 15

100,000 strike

Up to 100,000 civil servants went on strike, including operators at two key Inland Revenue computer centres, Civil Service unions said. Back Page

Salvador plea

The Reagan Administration urged the American Press to pay less attention to the U.S. *involvement in El Salvador.* Page 2

Iran warning

A senior Iranian clerical leader said continued divisions among the country's leaders could lead to civil strife. Page 2

Schmidt meeting

West German Chancellor Helmut Schmidt is to go to France tomorrow for an unscheduled private meeting with French President Giscard d'Estaing.

Summit delayed

Representatives of 11 states agreed in Vienna to postpone until October a North-South summit on world development planned for Mexico in June. Page 2

Labour 'crisis'

The Labour Party is £500,000 in *debt and could reach* a financial crisis in three months, chairman Alex Kitson warned. Page 3

CIA 'smugglers'

The Soviet Union suggested that the U.S. Central Intelligence Agency was organising the smuggling of printing equipment to Poland's Solidarity trade union. Reformists thwarted, Page 2

Euro-Laker

The Civil Aviation Authority awarded Laker Airways its first scheduled air route in Europe —from Gatwick to Zurich. Page 4

PIE man jailed

Tom O'Carroll, former chairman *of the Paedophile Information* Exchange, was jailed for two years at the Old Bailey for conspiracy to corrupt public morals.

Briefly ...

Kim Hughes will be captain of the Australian cricket team to tour England in May.

Novelist Robin Maugham, nephew of Somerset Maugham, died age 64.

BBC Television won seven Broadcasting Press Guild Awards.

BUSINESS

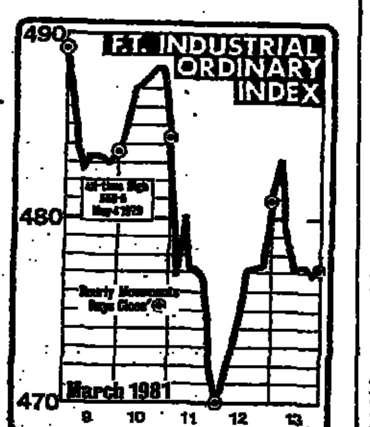
$16 rise for gold; equities ease

● GOLD rose $16 to $492.5. Page 23

● DOLLAR traded in a very narrow range and finished at DM 2.1090 (DM 2.1130). It also *slipped to* SwFr 1.9275 (SwFr 1.9375), but was firmer at Y207.75 (Y207.5). Its trade-weighted index fell to 99.8 (100.0). Page 23

● STERLING lost 10 points to $2.2185, and finished at DM 4.68 (DM 4.6925). Its trade-weighted index was unchanged at *99.1. Page 23*

● EQUITIES drifted lower. The FT 30-share index ended 3.8 off



at 477.2, a fall of 11.9 on the week and 29.4 on the account. Page 24

● GILTS ended a busy week *quietly. The Government* Securities index was 0.01 off at 69.65. Page 24

● *WALL STREET was down* 1.80 to 988.74 *near the close.* Page 20

● COPPER led a rally in base metal prices. Cash wirebars climbed £18 to close at £818 a tonne, £16 up on the week. Page 21

● WORLD BANK's U.S. executive director, Colbert King, tendered his resignation to President Reagan, with criticism of the new administration's position on the agency. Page 2

● *ANTI-TRUST* Division of the U.S. Justice Department is investigating three takeover bids worth a total of $8bn (£3.6bn) made for leading American mining groups during the past week. Back Page

● BELGIAN BUDGET cut public expenditure by BF 37bn ($1.1bn) to try to reduce the country's budget deficit.

● FRANCE asked its EEC partners to permit a 600,000-ton sale *of wheat to the USSR.*

● PORT AID *of up to £87m* is to be provided for London and Liverpool in addition to £73m of assistance outstanding. Page 3

● CHLORIDE directors dismissed their chief executive, John Ray, who will be succeeded from Monday by Ken Hodgson, currently in charge of Chloride Europe. Back Page

● THOMSON Newspapers, the *holding company controlling* the North American interests of International Thomson, reported 1980 net earnings ahead 17 per cent to C$75.8m (US$ 90.2m). Page 21

● JOHN LEWIS partnership and Waitrose supermarkets reported pre-tax profits for the year to end January down to £34m (£35.5m), though sales were up 17 per cent to £754.2m. Page 18

● CONDER, International, steel-framed buildings erector, reported pre-tax profits for 1980 down from £2.46m to £1.31m. Page 18

● YARROW, maritime and engineering consultancy and ticket systems company, reported a pre-tax loss of £164,000 for the half-year to end December against a pre-tax profit of £330,000 last time. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
BTR	444	+ 8
Bulmer (H. P.)	178	+ 6
Cystic Fybrosis	116	+ 8
Geers Gross	86	+ 4½
Gresham House	255	+ 33
Haden Carrier	226	+ 6
Howard Machinery	30	+ 4
Kellock	180	+ 15
Leigh Interests	182	+ 16
London United	202	+ 12
MDW	84	+ 4
Newarthill	405	+ 20
New Cavendish	390	+ 20
Somportex	800	+ 160
Strong and Fisher	63	+ 5
Tomatin	113	+ 12
Tunnel B	380	+ 46
Aran Energy	390	+ 20
Caledonian	320	+ 20
Eglington	125	+ 10
AMAX	£26¼†	+ 1½
CRA	244	+ 16
Hartebeest	£27¾	+ 2¼
Newmont Mining	£25	+ 2
Northgate Explor.	385	+ 65
Texas Gulf	£25¼	+ 1¼
Western Holdings	£31½	+ 1½
Western Mining	273	+ 17
Winkelhaak	£14	+ 1½

FALLS		
Boustead	167	− 6
Hawker Siddeley	274	− 6
ICI	236	− 12
Prestwich Parker	22	− 3
Stone-Platt	20	− 5
Tube Invs.	180	− 6
Yarrow	263	− 15
LASMO	605	− 20
Shell Transport	404	− 14
Tricentrol	288	− 10
Ultramar	485	− 20

† Price at suspension

Occidental says tax rise has delayed £250m development

BY RAY DAFTER, ENERGY EDITOR

OCCIDENTAL PETROLEUM has postponed the £250m development of its North Claymore field following the Government's Budget proposals for higher North Sea oil taxes, Dr. Armand Hammer, chairman of the U.S.-based oil group said yesterday. Other offshoreo perators area lso reassessingt heir investmentp lans

Occidental's move will come as a blow to British Shipbuilders and Britsh Steel Corporation, which were hoping to win importanto rders.

Shipbuilders in the UK and four other countries have been asked to tender for one of the *main contracts*—worth around £50m—involving the construction of the hull of a proposed floating production platform. It is expected that Occidental will outline its revised plans for North Claymore at the end of April when it was due to award the hull contract.

The North Claymore project is the furthest advanced of three schemes, worth a total of £625m, that Dr. Hammer unveiled last September. The package of projects, including a refinery in the Thames Estuary and a chemicals plant in Scotland, was then welcomed by the *Prime Minister.*

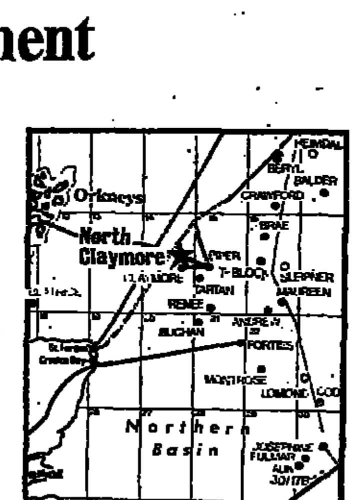
Dr. Hammer had told Mrs. Thatcher: "We intend to reinvest in the United Kingdom profits which we have enjoyed from our activities in the North Sea."

Commenting on the Budget proposals yesterday, Dr. Hammer said that the tax changes, including the imposition of a Supplementary Petroleum Duty for the next 18 month, might make uneconomic some fields which could have been developed commercially. There would be a "temporary hold-up" in the exploitation of North Claymore, he said.

"I think that because of the great sacrifice being made by UK people, oil companies must also take some reduction in their profits," he commented. "But I hope that the supplementary tax will be temporary."

An additional £1bn in Government revenue is to be creamed off North Sea oil operations during the 1981-82 financial year, most of it through the new supplementary tax. But it is understood that commercial viability of the small North Claymore field has been more affected by planned changes in the existing Petroleum Revenue Tax.

Continued on Back Page



Granny bond for all principle accepted

By Peter Riddell, Economics Correspondent

THE GOVERNMENT has accepted in principle that the inflation-proofed "granny bonds" should gradually be made available to the whole population.

This follows the announcement in the Budget on Tuesday *that the qualifying age for the* second index-linked national savings certificate is to be reduced from 60 to 50.

No decision has been taken on further age reductions, but Ministers believe that there is no logical reason for stopping at 50, so the bonds (presumably *no longer to be known as* grannies) should in time be made available to the whole population.

Further reductions are likely *to be on a step-by-step basis over* the years, and there will be no early wholesale removal of the age limit.

There are several reasons for *this gradualism.* The Government is keen to avoid excessive disturbances to the balance of the savings market, in particular any action which might force counter-moves by the building societies.

The speed with which the qualifying age is reduced will also depend on the Government's need to finance its borrowing.

There are administrative constraints on the number of applications which the Department of National Savings can handle, in view of the tight control on Civil Service numbers.

The response to introduction of the second index-linked issue last November has been disappointing, though not nearly as disappointing as at first feared. *In any event the overall national* savings target of £2bn for 1980-81 has easily been made up through sales of more conventional certificates.

Tory MP to quit over Budget

BY MARGARET VAN HATTEM, LOBBY STAFF

THE POST-budget row within the Conservative Party took a new turn last night when a left-wing back bencher, Mr. Christopher Brocklebank-Fowler, announced he would not stand again as a Tory candidate.

He told a party meeting in his North West Norfolk constituency that he would seek to speak in the Budget debate on Monday "to express my considerable opposition to much of this Government's economic policy, and to this Budget, and to inform the House of the many hardships being endured by all too many of my constituents, to no discernible national or international purpose."

His announcement has fuelled speculation among fellow Tory back benchers that he may be planning to leave the party *altogether and join the new* social democratic party. However, although many other Tory back benchers have signalled their discontent over the Budget and some have indicated that they may abstain in Monday night's Budget vote, Mr. Brocklebank-Fowler's decision is not, at this stage, seen as the first in a rush of defections.

Nevertheless, growing concern at higher levels of the party over *the possibility of a revolt among* 20 back benchers who oppose the Budget proposal for a 20p rise in petrol duty was evident yesterday.

Senior ministers, including bitter critics of the Budget, rallied round Sir Geoffrey Howe, the Chancellor, and defended the package as "tough but necessary."

Despite indications that a majority in the Cabinet, angered at their exclusion from the *Budget decision-making,* are pressing the Prime Minister to give Cabinet much more say in drawing up the broad guidelines of future budgets, it became clear that they are maintaining a loyal front this time around.

Sir Geoffrey himself, speaking *on BBC Radio, insisted he could* not yield on the petrol duty proposal, despite the difficulties it posed in rural constituencies. "I don't think I have any room *for manoeuvre,*" he said. He suggested that otherwise there would have to be either 1p on the income tax rate or another £1bn on the public sector borrowing requirement.

The proposal to include Cabinet in broad Budget discussions at an earlier stage was spearheaded by senior Ministers, including Lord Carrington, Mr. James Prior, Mr. Francis Pym, Sir Ian Gilmour, Mr. Peter Walker and Lord Soames.

Mr. Prior, however, strongly defended Sir Geoffrey yesterday. "The Chancellor's budget was tough. It had to be," he told a Manchester audience. "The course being followed, however unpleasant some may find it, is in everyone's best interest."

Other Cabinet Ministers who sprang to the Chancellor's defence included Mr. William *Whitelaw, Mr. Mark Carlisle,* Mr. David Howell, and Mr. Patrick Jenkin. Another senior minister sometimes associated with the dissident group said *of them: "If they don't like it* they should get out."

The Prime Minister is understood to be extremely annoyed at the request to broaden the *decision-making process.* She has let it be known that she will not tolerate any such moves, on

Continued on Back Page
Hayword rejects vote change, Page 3

Mortgage rate reduced to 13%

BY MICHAEL CASSELL AND PETER RIDDELL

THE GOVERNMENT is determined to cut interest rates again as soon as possible. That became clear as the building societies yesterday reduced the recommedned mortgage rate by 1 percentage point to 13 per cent.

The societies said the reduction would have been even greater but for Government competition in the personal savings market.

The cut follows the two-point *reduction in Minimum Lending* Rate announced in Tuesday's Budget and will knock ¼ per cent off the retail prices index.

A further fall in interest rates *is seen in the Treasury as the* key objective of the tighter fiscal stance adopted

Ministers hope that such a reduction later this spring or in the early *summer will help* to answer critics of the Budget and provide relief to industry.

The cut in the building societies' mortgage rate means that for new loans, the lower rates will take effect immediateely while most existing borrowers will pay less from April 1. About 1m borrowers with the Halifax will, however, have to wait until May because of the society's rules.

The building societies also *agreed to reduce the rate of* interest paid to ordinary investors from 9¼ per cent to 8½ per cent net, equivalent to a gross yield of 12.4 per cent to basic rate taxpayers.

Announcing the second reduction in mortgage rates this year, Mr. Leonard Williams, chairman of the Building Societies' Association, said that lower interest rates would have been implemented "if the Government was not competing so vigorously in our traditional market place."

Mr. Williams pointed out that about 65 per cent of all building society capital comes from investors over the age of 50, the newly introduced lower limit for index-linked National Savings bonds.

The societies believe that last *month alone* they lost over £100m in net receipts to National Savings and they are conscious of the Government's stated intention of raising £3bn *in the next financial year to* help finance its borrowing requirement.

Fears among the societies over increasing competition from the Government will be further heightened by Ministers' apparent readiness eventually to extend the index-linking principle to all National Savings customers.

Mr. Williams said that the last few weeks had witnessed a considerable increase in activity in the private housing market, *especially from first-time* buyers. The societies last month advanced £869m to purchasers and promised a record £1.07bn and they expect demand to remain at this sort of level for several months.

He said that if societies encountered difficulties in attracting receipts—they fell last month to £366m from £446m —they would fall back on "very substantial" liquid holdings, which now represent over 18 per cent of total assets.

Monthly mortgage repayments (gross) per £1,000 borrowed

Number of-years	13% £	13½% £	14% £	14½% £	15% £
10	15.36	15.67	15.98	16.29	61.16
20	11.87	12.23	12.59	12.95	13.32
25	11.37	11.75	12.13	12.51	12,90

Ward bids £71m for Tunnel

BY ANDREW TAYLOR

THOMAS W. WARD, the iron, steel, building materials and engineering group, launched a surprise bid worth £71m yesterday for the remaining 70 per cent of Tunnel Holdings that it did not already own.

Tunnel, the country's third largest cement manufacturer, which in recent years has diversified into specialist chemicals, immediately rejected Ward's offer, which valued the Tunnel group as a whole at about £95m.

Ward is bidding seven of its own shares plus 760p cash for every four Ordinary Tunnel shares. A corresponding offer is being made to preference *stock holders.*

Ward said that it had launched its bid in view of the recent sharp rise in Tunnel's share price. Last night Ward's *share remained unchanged at* 117p, while Tunnel closed at 380p a share, a rise of 46p on the day.

The offer by Ward values Tunnel at 395p a share, and full acceptance of the bid could involve a cash payment of £34m.

Shareholders can elect to accept unsecured loan notes 1981-85 in lieu of the cash element.

A 25.8 per cent stake in Tun*nel is held by Ward, giving it* voting rights of 29.99 per cent. It already operates a cement works at Ketton, near Stamford, Lincs., and jointly owns with Tunnel the *Ribblesdale* works in Lancashire.

Mr. J. Peter Frost, Ward's chairman and managing director, said: "The principal reason for the offer is to combine the cement and building product activities of the two companies."

About 70 per cent of Ward's trading profits of £12.4m in the year to September 30 were generated by Ward's cement interests, including Ribblesdale, and road materials activities.

Mr. Derek Birkin, Tunnel's chairman and managing director, said that the bid signifi*cantly undervalued Tunnel's* cement-making and specialist chemical operations.

There have been disagreements in the past between the two groups over Tunnel's expansion into the specialist chemicals market, which it believes has significant long-term growth potential.

Mr. Frost said yesterday that while "the speciality chemicals business had proved a worthwhile acquisition, there would remain the possibility of further conflict with the board of Tunnel if a policy of further diversification away from cement were to conflict with the objective of Ward."

DISPUTE THREAT TO BANKS

THE PROSPECT of industrial action in some English clearing bank cheque-clearing computer centres moved closer yesterday. Both principal unions in the banks rejected an improved 9.25 per cent pay offer.

Unless the five banks make significantly improved proposals in the next few days, the Banking, Insurance and Finance Union is expected to announce at the end *of next week* details of industrial action it intends to launch.

THF 'not suitable to run Savoy'

BY REG VAUGHAN

THE SAVOY Hotel Group yesterday firmly rejected the £58m takeover bid from Sir Charles Forte's Trusthouse Forte hotel and catering group.

Mr. Giles Shepard, the Savoy group managing director said a group which "runs service stations on the main arterial roads" is not suitable to manage the Savoy. (THF operates nine motorway service cafes.)

The Savoy directors have already described the offer as "wholly unwelcome and totally unacceptable."

Mr. Shepard said yesterday: "On professional grounds we do not think a vast combine like THF . . . is at all suitable or qualified to run hotels of the quality of the Savoy, Claridges, the Connaught and the Berkeley, which must be among the most renowned hotels in the world."

Dismissing Sir Charles's claim that the hotels were unprofitable and needed renovating, Mr. Shepherd said the hotels ran at a profit, except the Savoy, which was "being put right." The suggestion that the Savoy, the Connaught or Claridges needs renovation was "laughable."

Sir Charles yesterday called the statement "not a sensible or responsible reply from people of common sense," and disputed the board's right to speak for all shareholders while holding only 2½ per cent of the equity of the company.

THF's next move is call a meeting of the holders of the "A" and "B" shares. It has requested the co-operation of Savoy in preparing the way for such meetings but has received no response.

The Kuwait Investment Office—which has accepted the offer in respect of its 21 per cent of the votes—bought a further 25,000 shares in the market on Thursday.

The share price for the "A" and "B" shares was unchanged at 165p and 975p respectively on the London Stock Exchange. At this level they equal the cash terms of the bid.

£ in New York

—	Mar. 12	Previous
Spot	$2.2208-2220	$2.2100-2115
1 month	0.38-0.45 pm.	0.10-0.17 pm.
3 months	1.40-1.40 pm.	1.20-1.30 pm.
12 months	5.60-5.30 pm.	5.50-5.70 pm.

CONTENTS

For latest Share Index phone 01-246 8026

OVERSEAS NEWS

Saudi crude oil exports expected to fall from April 1

BY RICHARD JOHNS

SAUDI CRUDE oil exports, amounting to about 450,000 barrels a day and supplied by the Kingdom to make good the loss of Iraqi exports as a result of the Gulf war are expected to be phased out from April 1.

Indications are that these "supplemental contracts" will account for all or the greater part of a cut in Saudi oil output widely anticipated by the industry.

As yet, however, no decision has been conveyed by the Kingdom's Supreme Petroleum Council to the Arabian American Oil company about the overall level of output during the coming quarter. The normal Saudi practice is to decide upon the level only a week to 10 days before the end of each three-month period.

Since the Iraq-Iran war began Saudi production has run at 10m to 10.3m b/d compared with a maximum of 9.5m b/d previously. Yet soft market conditions as well as the recovery of Iraqi and Iranian exports are such that the Kingdom could eliminate war relief supplies without harming the consuming countries concerned or lose its dominating position in the Organisation of Petroleum Exporting Countries which it is desperately anxious to keep.

Compagnie Francaise de Petroles and Elf-Aquitaine are understood to have informed Saudi Arabia that it no longer requires the 120,000 b/d, shared equally between them, made available under a supplemental contract concluded last autumn. It can dispense with the crude because of slack demand and the increase in Iraqi oil exports, according to French officials.

Polish reformists thwarted by congress postponement

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S COMMUNIST Party leadership has decided to postpone the extra-ordinary party congress planned for later this month in the hope that time will reduce the challenge being mounted by reformists seeking greater influence within the party.

Mr. Stanislaw Kania, the party secretary, said that the Central Committee will fix a new date next month. July is now believed to be the earliest possible date for the Congress, with a strong possibility that it will take place only in the autumn.

Although grass roots pressure for an early congress has been thwarted, the indications are that the rang-and-file movement for reform and greater participation in party affairs could well get stronger in the months ahead rather than weaker as the hardliners hope.

The debate on Thursday at the Commission meeting, set up to arrange the Congress, showed that the reform movement is more than capableof making its voice heard in bodies controlled by the party establishment.

Meanwhile, in his speech to the meeting Mr. Kania came out strongly against anti-semitism after a small group of party and non-party members charged that "a Zionist clique was responsible for the terror during the Stalinist period in Poland.

At the same time, Polish bishops have warned the authorities that the country must "have no political prisoners." Their statement comes as the authorities prepare for the trial of four members of a political group "The confederation of Independent Poland."

Aleksandr Lebl writes from Belgrade: Tanjug, the official Yugoslav news agency has confirmed reports of student demonstrations in Pristina the capital of the Albanian-speaking province of Kosovo last Wednesday. The agency said the protests arose over the quality of food in the university canteen

A rude awakening for Italian TV bosses

By Rupert Cornwell in Rome

ITALY IS in uproar. Not over the Russians' rude remarks about its alleged servility to the U.S., nor over the strikes which have paralysed cities throughout the country this week. The fuss is about the filmed adventures of Veronique, a French prostitute working in Rome—or rather her non-adventures.

Yesterday politicians, womens movements, even the unions, were talking of one thing only — the ban imposed on the scheduled broadcast by the state-owned RAI TV of a documentary of a day in the life of Veronique—just two hours before it was due on the air.

The veto, or "invitation" as it was coyly termed, to drop the programme came from Sig. Mauro Bubbico, Christian Democrat head of the RAI's parliamentary watchdog committee. Almost certainly he had no power whatsoever to do so. But the RAI, true to its traditions of political fearlessness and independence, caved in without a murmur.

The morning after, pandemonium broke out. In the best Italian fashion, everyone has been holding forth about this alleged censorship of the news media, regardless or not of whether they had seen previews of the offending broadcast.

The only person to have remained modestly silent is Veronique herself. Socialists, communists, republicans have weighed in, while even the CGIL union took a moment off from bringing the country to a standstill to describe Sig. Bubbico's behaviour as "inadmissible" and the RAI's acquiescence in it as "debased".

Ironically the film, made with hidden camera's in Veronique's flat was done by female journalists, and intended as a protest about the exploitation of women in contemporary Italy. It concentrated less on Veronique than her clients, and has been described by some who have actually seen it as "tedious".

But thanks to a barrage of pre-publicity, it generated enormous interest, and social plans on Thursday were rainly changed to enable people to watch it. But an estimated 25m spectators may not be kept waiting too long. A chastened Sig. Willy de Luca, RAI's managing director, issued a statement last night implying that Veronique would after all be seen, probably next week.

Quebec election

Mr. Rene Levesque, the Premier of Quebec, has confirmed that the Quebec provincial election will be held on April 13. The ruling Parti Quebecois believes its fortunes have been rising in the past few weeks. Its internal polls contradict public polls showing a lead for the Quebec Liberal Party, writes Robert Gibbens in Montreal.

U.S. FOREIGN POLICY

Reagan tries to soften El Salvador focus

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration is asking the American Press to pay less attention to the U.S. involvement in El Salvador.

A senior State Department official, subsequently identified as Mr. John Bushnell, who is temporarily in charge of inter-American affairs, told selected American reporters late on Thursday that "our impression is that this story is running about five times as big as it really is."

He conceded that it was the Administration itself, particularly Mr. Alexander Haig, the Secretary of State, which had initially orchestrated the campaign to focus domestic and international attention on the flow of arms to the insurgents in El Salvador.

But he said that the volume of Press reporting on El Salvador "drowns out everything else going on in Latin America" and described El Salvador as "a subset and a fairly minor subset" of U.S. relations with the Soviet Union.

This last remark stands in vivid contrast to the interview Mr. Haig gave to Time magazine in which he placed El Salvador firmly in the context of general Soviet adventurism and said the problem is "a critical one for the American people and those who share our values."

There are several obvious reasons for this abrupt and rather transparent volte-face. One is that the White House is concerned that the rumbling discontent over U.S. involvement in El Salvador, already apparent in Congress, is distracting the legislature from the main business of tackling the President's economic package.

Another is the allied concern that the U.S. may have become obsessed with El Salvador and the Cuban role there at the expense of other pressing foreign policy issues of arguably greater global significance, such as the Middle East and Southern Africa.

The allies have also emphasised the importance of pursuing a political solution in El Salvador, a concern not evident in the Administration's initial denunciation of "Cuban-inspired and Soviet-orchestrated subversion" there, but now being given greater public weight.

The naked ploy of trying to put the American Press under raps may, of course, backfire. The U.S. media values its independence from Government and, while it has generally participated in the honeymoon still being enjoyed by the Reagan Administration, it could resent the impression that it is willing to bow at the behest of Government.

NICARAGUA 'NOT CHANNELLING ARMS'

NICARAGUA CANNOT prevent all arms supplier for the insurgents in El Salvador being shipped across its territory, Father Miguel dEscoto, the Nicaraguan Foreign Minister, said in London yesterday, writes Raymond Whitaker.

But he denied American claims that the country was willingly acting as a channel for large arms shipments to the rebels from Communist countries. Britain appeared to be the only European country which accepted these claims, he said.

"I cannot say categorically that no arms whatever have got through to El Salvador," said Father d'Escoto, one of three Catholic priests in the Nicaraguan Government. But he pointed out that the Salvadorean junta, which still has relations with Nicaragua, had not endorsed the American charges.

Father d'Escoto, who met Lord Carrington, the British Foreign Secretary, on Thursday, said Britain did not agree with the U.S. policy of giving military support to the junta.

The greatest danger to Nicaragua, was that the war in El Salvador would become a regional conflict due to the volume of American military aid. Nicaragua hoped for improved relations with the new Reagan Administration, which has suspended the final \$15m (£7m) of a \$75m aid package granted by President Jimmy Carter while the arms charges are investigated.

A member of the Nicaraguan junta had been sent to Washington as the country's new ambassador.

U.S. World Bank executive director quits in anger

BY DAVID BUCHAN IN WASHINGTON

THE U.S. executive director of the World Bank has tendered to President Reagan his resignation, accompanied by a parting blast of criticism of the new U.S. Administration's stance towards the multilateral development agency.

Mr. Colbert King warned the President "now is not the time to undermine our influence in the World Bank and global economic development." A black appointed as executive director in December, 1979, Mr. King is a holdover from the Carter Administration who had agreed to stay on at the World Bank until the Reagan White House named a successor.

Mr. King is now leaving on March 31 even though no replacement for him has yet been found, evidently out of anger at having to be the messenger of bad news from the Reagan Administration to the World Bank.

It was Mr. King who had to inform his colleagues in the bank, which has some 130 member countries, that the U.S. planned to cut initial contributions in the next round of replenishing money in the International Development Association (IDA), the bank's soft loan arm, stretch out its share in capital increases over a number of years, and would not take part in a new energy affiliate.

The Reagan Administration has done this, partly out of an ideological dislike of multilateral aid-giving and partly to save money in the U.S. budget. There is in fact a danger that Congress may want to cut U.S. foreign aid even further.

The U.S.'s many partners in the World Bank have complained increasingly at Washington's tendency to treat the agency as a football for its political views. This became acute during the Carter Administration, even though President Carter was driven to this policy by Congress which has threatened to write legal restrictions on U.S. money being used by the World Bank for countries and projects deemed inimical to American interests.

Policy review delays Mexico 'North-South' summit

BY DAVID TONGE

LEADING INDUSTRIALISED and developing countries agreed yesterday to postpone the Mexico summit due in June to discuss international development issues.

The "North-South" summit is now to be held on October 22 and 23, Sr. Jorge Castaneda, the Mexican Foreign Minister, said during a preparatory meeting in Vienna. He explained that the delay was necessary to give the new U.S. Administration time to prepare its position.

"The U.S. is willing to participate in the summit, but they

The Mexico summit has become the focus of hopes for reviving the troubled dialogue between the developed Northern countries and the developing South. The summit was proposed in last year's Brandt Commission report on international development issues.

Sr. Castaneda said the Vienna meeting accepted a tentative list of 21 countries for the summit, and that invitations would be sent out next month.

had a certain difficulty with the earlier date," Sr. Castaneda said.

man of the non-aligned movement. Cuba is not expected to be invited.

The organisers will make fresh approaches to the Soviet Union, which blames Third World poverty on Western colonial policies, before deciding whether Moscow and Peking will be invited. Though chair-

Austria, Canada and Mexico have led efforts to arrange the summit. The Vienna meeting brought together their Foreign Ministers with those of Algeria, France, India, Sweden, Tanzania, West Germany and Yugoslavia and a Nigerian state secretary.

Negotiations in the United Nations on restructuring the world's economic system have been stalled since September.

Lord Carrington, Britain's Foreign Secretary, this week described the Mexico summit and global negotiations as "very important" in helping tackle the world's economic difficulties. But he said a delay in the summit form June would allow Western leaders to co-ordinate their policies at the Ottwa summit due to take place on July 20 and 21.

The "North-South dialogue" covers all aspects of trade, economic and financial relations between the industrialised countries and the Third World. Fought out mainly in United Nations agencies, it dates back to the 1960s. The surge in oil prices in 1973 and 1974 caused developed countries to make a number of minor pricing concessions to the heated demands of developing countries, but the North has been resisting pressure for changes in the control of bodies such as the International Monetary Fund.

'Civil strife' warning over Iran leaders' split

BY TERRY POVEY IN TEHRAN

ONE OF Iran's senior clerics warned yesterday that continued divisions among the country's leaders could result in severe domestic strife and fighting.

At the Friday Prayers in Tehran, Hojatolislam Mohammed Ali Khamenei said: "If the bazaars, schools and offices continue to be the scene of conflict then the Islamic Republic will be defeated and internal disorder with the people killing each other will result."

Mr. Khamenei claimed that clashes at President Abulhassan Bani-Sadr's rally on March 5 were part of a conspiracy aimed at making people ignore the war with Iraq.

"Our enemies all over the world are waiting for just such incidents," said Mr. Khamenei, who is also spokesman for the key Supreme Defence Council and a member of the central committee of the fundamentalist Islamic Republican Party.

Across the country yesterday clerical leaders, most of whom are associated with the main fundamentalist party, used their sermons at the important Friday prayer gathering to continue the attack on Mr. Bani-Sadr.

In the holy city of Qom, Ayatollah Hussein Ali Montazeri, seen by some as the successor to Iran's revolutionary leader Ayatollah Khomeini, implicitly criticised recent attempts to reorganise the army

THE TRAGEDY OF THE ALEXANDER KIELLAND

Why Oslo pledged funds to raise hotel rig

BY FAY GJESTER IN OSLO

WHEN THE Alexander Keilland hotel platform lost a leg and capsized in a North Sea storm almost a year ago, killing 123 workers, it was the offshore oil industry's worst accident in terms of lives lost.

Some 35 of those who died have never been found. They are believed to be still inside the wreck, a floating graveyard now moored upside down in the West Norwegian port of Stavanger, not far from one of the town's most popular bathing beaches.

It is this grisly aspect of the tragedy which makes the platform's ultimate fate a sensitive political issue, particularly in an election year. Otherwise, the best thing to do with the wreck—after a NKr 70m (£5.8m) failure last year to right it—would be either to sink it in deep water or to break it up for scrap.

But Government ministers promised not long after the accident that "money would not be allowed to stand in the way" of recovering the bodies. A pressure group acting for the families of the missing men is attempting to ensure this promise is kept, and their pleas have won much public sympathy, plus strong political backing from the opposition Christian Democratic party.

This is the main reason why the Government earlier this week yielded to demands from the insurers—the Norwegian Oil Risk Pool—that it should provide financial guarantees for a second attempt to turn the platform. Turning it gently over is the only way to get the bodies out. Sending divers into the flooded superstructure while the platform is upside down has always been ruled out as unacceptably dangerous.

The other reason for righting the rig—as far as the Government is concerned—is that it may contain evidence about what caused the disaster. A long-delayed report, due for publication at the end of this month, is expected to blame material failure compounded by human error.

It remains to be seen, however, whether the wreck can be righted, however much money is spent. The insurers have decided neither who will handle the job, nor how it will be done. This week they have been discussing options with Det norske Veritas, the Norwegian marine classification institution.

Last autumn's salvage attempt, using controlled ballastting and de-ballasting supplemented by buoyancy bags, ran into many difficulties. It was due to begin on September 28, and take five to seven days, but did not even start until a month later. Preparations took far longer than foreseen, and costs soared.

The Government, by giving in to the insurers' demands that it provide financial guarantees, has left itself an escape route. It will seek to recoup any money it spends from the rig's owners and from the operator oil company.

Once started, the operation went well—up to a point. But when the rig had turned through about 80 degrees, it seemed to hit an invisible obstacle. News leaked out that the buoyancy of the structure itself was less than anticipated, because platform struts believed to be filled with air were in fact flooded. The Anglo-Norwegian salvage consortium of S. D. Marine/Nicoverken Norge sought to compensate for this with additional buoyancy bags, but without success. It seemed impossible to get the rig past the crucial 90 degrees. Meanwhile, bags started breaking loose and exploding as they rose to the surface. That made it risky for divers to maintain the complicated array of hoses and valves regulating the flows of air and ballast water.

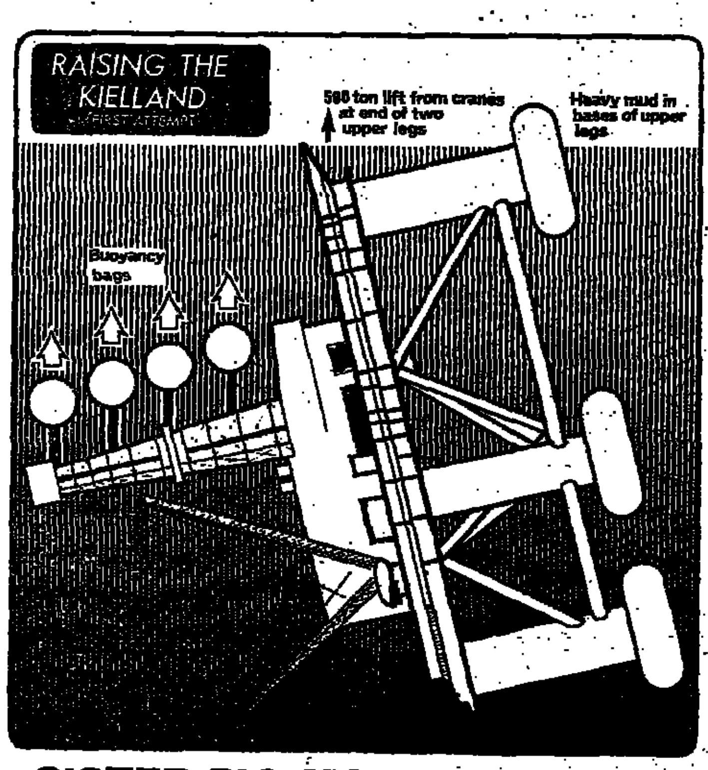
Convinced that extra lifting power was needed, the salvage team decided to call in two crane barges. But union officials saw a hazard to barge crews: they feared the rig might sink, pulling the barges down too. Worried, the Government ordered a temporary halt so that independent experts could vet the scheme.

The insurers, appalled at the steadily rising costs and apparently limited prospects of success, called off the whole operation. Since then, they have been quarrelling with the Government about who should foot the bill for a second salvage attempt. The first attempt would have succeeded, they claimed, had the Government not intervened. Therefore the Government must guarantee that the Oil Risk Pool would not lose, financially, if it tried again.

Thus, if the salvaged rig cannot be sold for enough to cover the salvage cost, the Government will have to make good at least part of the difference.

In giving in to the insurers' demands, the Government has left itself an escape route. It says that if it has to make good its guarantee, it will seek to recoup the outlay from Stavanger Drilling, the rig's owners at the time of the disaster, and Phillips Petroleum, the operator oil company.

If Stavangar Drilling and Phillips, in their turn, have recourse to their insurers, the Oil Risk Pool could end up paying the bill after all.



SISTER RIG MAY SAIL AGAIN

BY OUR OSLO CORRESPONDENT

ALEXANDER KIELLAND'S sister rig, Henrik Ibsen, could be back in service on the Ekofisk field this spring, despite protests from some union leaders. Hotel rigs are currently scarce on the market, and little else is available, but Phillips Petroleum must have extra accommodation soon to house the larger labour force needed during the spring and summer "weather window," when repair and maintenance work is done.

The Ibsen, which developed a heavy list during tests in Stavanger about a week after the Kielland's capsize, has now been strengthened.

Phillips says the independent union on Ekofisk had asked the company to hire the rig. The union regards it as preferable to the other options: a hotel ship, which gives a rough ride in stormy weather, and a platform on a neighbouring field to which workers would have to commute by helicopter.

However, the union official who served on the Alexander Kielland inquiry commission, Mr. Aksel Kloster, has warned oil workers not to accept the Ibsen until they have read the commission's forthcoming report.

Disclosure directive on EEC banks

By John Wyles in Brussels

THE European Commission yesterday launched a long-awaited and somewhat modest directive designed to force EEC banks and financial institutions to raise the standards of presentation and disclosure of their annual reports and balance sheets.

The proposals have been extensively discussed and negotiated with member governments and representatives of their banks and finance houses. The directive does not, therefore, contain any great surprises but there may, nevertheless, be strong pressures to amend various provisions when member states give it their detailed attention.

As a result, the directive is unlikely to be rushed into Community law. The Commission is hoping for an opinion from the European Parliament by September 30 and approval by the Council of Ministers by the end of next year.

Broadly, the directive will bring the banking and finance sector into line with the fourth directive on company law governing annual company accounts adopted in July 1978.

It affects layout, publication and auditing of annual accounts

Britain wins support in apple war

By Walter Ellis in Strasbourg

THE CAMPAIGN to limit imports of French Golden Delicious apples into the UK until British apple growers have improved their own techniques has won the support of the European Parliament. But the Anglo-French "apple war" is not yet over.

Mr. David Curry, the Tory MEP for Essex, succeeded yesterday in getting his report on apples adopted by the House, despite some reservations from French members.

The report welcomes a recent argeement by French producers to restrict exports for an initial period to Britain to grade one apples and calls for a limit to shipments of even grade one fruit for a transitional period pending UK reforms.

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UK NEWS

State industry chairmen sceptical on cash curbs

BY ANATOLE KALETSKY

SCEPTICISM AMONG nationalised industry chairmen about Government plans for cutting the State corporations' borrowing, and about its determination to stick to the external financing limits set for each industry has been increased by this week's Public Spending White Paper and by recent Ministerial actions.

At yesterday's meeting of the Nationalised Industries Chairmen's Group particular concern was expressed about the Government's recent handling of the labour disputes in the coal and water industries.

It was felt that Ministers, having instructed the industries to treat their external financing cash limits as immutable ceilings, were too ready to retreat and raise these limits at the first sign of industrial trouble from the miners.

The raising of the water workers' pay offer last month was also attributed partly to the Government's desire to avert industrial trouble.

Several of the chairmen now facing pay claims felt that the apparent weakening of Government resolution to stick to cash limits would frustrate their efforts to secure moderate pay settlements and productivity concessions from powerful unions.

It is widely felt in the nationalised industries that the credibility of the Government's external financing limits has been undermined. Last week's Public Spending White Paper projected a fall in nationalised industry external financing *from £2.5bn in 1980-81 to £50m in 1983-84.*

Nationalised industry chairmen told the House of Commons Treasury Committee last year that the plans laid out in that year's White Paper (in fact overshot by £685m in 1980-81) were "hazardous and imprudent".

It is understood that they have only been reinforced in this judgment by the plans published in this year's White Paper.

Labour 'near to financial crisis'

THE LABOUR PARTY is £500,000 in debt and could reach a financial crisis point in three months, its chairman warned yesterday.

Mr. Alex Kitson said *members had to keep a tighter* rein on finances, otherwise there could be "serious trouble"—and the party's ability to fight the next General Election could be threatened.

Mr. Kitson delivered his warning at the Labour Party's annual Scottish conference in Perth.

He spoke during a debate on a resolution, later approved, to increase the affiliation fees of unions and constituency parties, eventually doubling them by January, 1984.

Speke zone scheme

A FORMAL invitation to prepare an Enterprise Zone scheme for Speke on Merseyside was today issued to Liverpool City Council by Mr. Tom King, Minister for Local Government, in a written Parliamentary reply yesterday.

Food prices up 293%

FOOD ITEMS in the Retail Price Index rose by 293 per cent between January, 1971, and January, 1981, Mr. Alick Buchanan-Smith, Agriculture Minister of State, said yesterday.

Weapons jobs to go

BRITISH AEROSPACE Dynamics Group is to shed up to 295 jobs at its Lostock, Lancashire, guided weapons centre, because defence spending cuts have reduced orders.

Tories lose seats

CONSERVATIVES suffered three defeats in local council by-elections in Oxfordshire. They lost two to Labour on Oxford City Council and one to the Liberals in the Vale of White Horse by-election.

Gas ruling reserved

JUDGMENT was reserved in the High Court yesterday in the dispute between the British Gas Corporation and two North Sea gas-producing consortia over their pricing agreements.

Holbein for Scotland

THE NATIONAL GALLERY of Scotland has bought a painting by Hans Holbein the Younger, Allegory of the Old and New Testaments, for £246,000.

The price included a £73,000 contribution by the National Heritage Memorial Fund.

Ulster search licence

A LICENCE to search for natural gas across three counties of Northern Ireland—Fermanagh, Tyrone and Armagh—was issued yesterday by the Government to a consortium consisting of Marinex Petroleum, Aran Onshore Holdings and Mr. W. Wakefield, a U.S. geologist.

No Courtauld sit-in

THE 1,560 workers at Courtauld's loss-making yarn plant at Aintree, north Merseyside, have rejected the recommendation of their joint action committee to stage an immediate sit-in in protest against plans to close the plant.

Hayward dismisses vote change

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. RON HAYWARD, general secretary of the Labour Party, moved yesterday to end speculation that the electoral college system of electing the Labour Leader would be abandoned before the annual party conference in the autumn.

He told the party's Scottish conference in Perth that the policy was already in the rule book, and would be implemented.

"I want to dispel rumours that in some mystical way the decision of the Wembley special conference will not survive 1981.

"Don't be silly. There is a new rule book, it is printed. There will be an electoral college at this year's conference, based on the new rules."

Under the Wembley formula Mr. Michael Foot will have to face re-election by an electoral college composed of trade unions, constituency parties and Labour MPs, with votes in the ratio 40-30-30.

Mr. Hayward added: "If you want to change it that is your business. My business is to see that the conference decision is carried out."

In a speech in which he attacked the Government over the Budget, he called for an end to internal Labour Party strife, and for unity to defeat the Tories.

There were some clashes between Right and Left at the Perth conference, notably over defence, on which the conference decided by a majority of *more than two to one to support* a resolution which would effectively mean withdrawal from NATO and closure of all nuclear submarine and missile bases in the UK.

This goes considerably further than present Labour Party policy.

The conference will vote today on a resolution seeking to extend local Labour Party influence over Labour councillors.

Local party committees would have a say in electing council committee chairmen when Labour held power in a local authority.

Heated debate on level of London rates

BY IVOR OWEN

SKIRMISH ahead of the elections to the Greater London Council dominated proceedings in the Commons yesterday with Conservative and Labour MPs swapping forecasts of escalating disaster in the event of voters making a "wrong" decision on May 7.

Mr. Geoffrey Finsberg, Under-Secretary for the Environment, warned that a Labour victory would bring a period of Marxist domination at County Hall. He warned that the soaring rate demands, which had become a feature of life in Lambeth, would soon be the norm throughout the capital.

Mr. Finsberg stressed that business already paid 65 per cent of London's rates. With the current severe squeeze on profit margins, any further substantial increase in the burden would drive away business and commerce upon which the revival of many areas depended.

He conceded that the Rate Support Grant settlement for London had been particularly difficult, but insisted that local government could not be isolated from the public expenditure restraints needed to get Britain's economy back on to a sound footing. "High rates threaten recovery, employment and prosperity."

Mr. Albert Stallard (Lab, St. Pancras North), who opened the debate, protested that the Government had deprived London of some £300m-£400m in rate support grant. He feared that this would cause irreversible damage to London's commercial and industrial base.

From the Opposition front bench, Mr. Thomas Graham (Lab, Edmonton) accused the Government of having abandoned London and Londoners to fend for themselves.

The cut in the Rate Support Grant, he said, meant that London was being asked to contribute wholly disproportionately to the well-being of the rest of the country.

Haulage industry warns over road tax

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE MEASURES in the Budget to increase the tax paid by road users will "dramatically *reduce the haulage industry's* ability to provide essential services when the recession ends," Mr. George Newman, the director-general of the Road Haulage Association, said yesterday in a letter to MPs.

The chancellor increased the vehicle excise duty on cars and lorries by 15 per cent and put 20 per cent on a gallon of diesel fuel and petrol. These increases would raise operating costs by at least 4 per cent, the association said.

Haulage companies were already having difficulty in earning enough revenue to cover depreciation costs for underused lorry fleets, Mr. Bert Nelly, the association's vice-chairman told hauliers in the West Midlands last night.

The Freight Transport Association said after the Budget speech that the increase in tax would be borne by industry and would add about £715m to industry's transport costs in a full year.

In his letter to MPs, Mr. Newman also said that these increased costs could not be absorbed by the haulage companies. The hauliers faced an "unprecedented financial crisis," he said and would be forced to pass on the higher costs to transport users.

"The result would be "inflationary increases in the price of goods," Mr. Newman said.

● THE BUDGET should have stimulated industrial investment to a far greater degree than it did, Mr. Alan Ure, a vice-president of the National Federation of Building Trades Employers, said yesterday.

Capital spending on construction projects was still being sacrificed "as the easy option to cutting bureaucracy," and for the rest of the century at least Britain would pay a high price for failing to maintain adequate capital spending programmes.

Ailing ports to receive £87m aid

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GOVERNMENT is to provide up to £87m of extra financial aid to the loss-making ports of London and Liverpool.

This is in addition to the £73m of assistance outstanding, and means the two ports could receive up to £160m in official support.

The ports lost £21.5m last year and without the help of the Government's Ports (Financial Assistance) Bill, published yesterday, would have to cease trading in weeks.

Along with the aid the Government is imposing "tough cash ceilings" and at first is supporting the ports only until the end of May. By then, the outcome of special severance schemes, designed to reduce the labour forces of both ports by nearly a third, should be known.

If they have made progress in reducing manpower and restrictive practices, the Government will be prepared to provide further support. It has not ruled out the possibility of capital reconstructions outside the scope of the new Bill.

Roughly half the £87m has been earmarked for severance payments of dockers and other staff. Another tenth is to support the ports during the rundown in their manpower and a fifth is for capital investment.

The Bill also provides for a two-thirds increase, to £50m, in borrowing powers of the National Dock Labour Board, which will help finance severance pay at London, Liverpool and other ports.

Closure would have been more expensive

BY WILLIAM HALL

THE GOVERNMENT'S decision to give up to £87m extra financial aid to stave off the bankruptcy of the ports of London and Liverpool marks a significant change in official thinking.

Less than a year ago, when Parliament was debating the £70m assistance the Government was giving to the Port of London Authority (PLA), Mr. Norman Fowler, the Secretary of State for Transport, stressed that he was doing no more than honouring the "inherited obligation" from the previous Labour Government. It was not a "new path of policy."

The Government said it expected the authority to live within a strict financial limit. Asked what would happen if the aid proved insufficient, Mr. Kenneth Clarke, Parliamentary secretary to the Minister of Transport, said there was "no good reason" why the PLA could not keep within the new limit.

He said the Government was not going to subsidise the ports nor give one port preferential treatment. Other ports can be forgiven for thinking the Government has changed its mind.

The fact is that the Government had no real alternative but to change its mind. If no additional aid was forthcoming, the PLA would have ceased trading on April 1 and the Mersey Docks and Harbour Company (MDHC) would have followed a few weeks later.

The Government has realised that it cannot walk away from the problems of two of the oldest ports. It is virtually impossible to sack registered dock workers and the ports have statutory responsibilities that cannot be forgotten because the authority has gone into receivership. The cost of keeping both ports open are considerably less than the cost of closing them.

Two factors have precipitated the financial crisis. First, the recession has hit traffic through both ports much more than expected. This meant their revenues have been less than budgeted but their operating costs (70 per cent of which are wages) have been rising because they cannot shed surplus labour—currently running at 2,000 dockers and 1,000 staff.

They cannot cut their workforce because of restrictions from the National Dock Labour Board, which effectively ensures that dockers have jobs for life.

There was nearly a national dock strike last year when the employers started talking about possible compulsory redundancies. The only way a port can reduce the number of dockers it employs is by voluntary severance. *Given the high unemployment, especially on* Merseyside, there is little incentive at the moment to leave.

In London, where many dockers have thriving part-time taxi businesses, unemployment is less of a problem, but there is still little incentive to leave.

On February 17, the Government launched a plan to reduce the chronic labour surpluses at London and Liverpool. It offered registered dock workers a 50 per cent increase in severance pay if they agreed in leave before the end of April. In practice this means a docker with 20 years' service will receive £16,000 instead of £10,500.

For the Government, the question is whether workers will accept the offer.

Mr. Fowler said yesterday that the Bill to provide further aid does not commit the Government to supporting the two port authorities beyond May, when the outcome of the severance scheme should be known.

It will advance further money beyond May only if the ports can prove they have made substantial progress in reducing manpower and eliminating restrictive working practices. The last is especially important, as neither London nor Liverpool has ever made much progress in doing this.

In Liverpool, the "welt"—where there are more dockers employed on a job than necessary and so some go home—still exists despite frequent attempts to outlaw it.

Mr. Fowler said yesterday: "I shall need to be satisfied that both management and workforce are committed to making the changes which are essential if these two ports are to have a future."

These are tough words, but underneath the public statements it is clear the Government is much more committed to the survival of London and Liverpool than might appear.

Apart from temporary help with severance, it is talking about providing support over a longer period and is not ruling out another possible capital reconstruction on top of the £87m aid.

Telegrams rise 50% on April 1

BY JASON CRISP

TELEGRAM CHARGES are to rise by 50 per cent on April 1.

A number of services are to be withdrawn. There is to be a major re-organisation and modernisation of the service to try to reduce heavy losses which last year reached £36.7m.

It is 12 months since telegram charges rose by 38 per cent after a five-year freeze. The basic charge for telegrams will rise from £1 to £1.50. The charge for each word of inland telegrams is to rise from 10p to 15p, and for international by up to 30 per cent.

British Telecom is cutting out pre-paid reply telegrams, its redirection service, hand collection and coded phrases for the armed forces—"131" is "Rumours not true." It said there was negligible use of these services.

The reorganisation will replace the 25 principal inland and international telegraph offices with nine main telegram offices the first of which is to be opened in Bristol in April.

● The crisis of supply in telecommunications equipment and services in the City is being overcome, Mr. Peter Benton, managing director of British Telecom, said at the annual dinner of the Telecommunications Users Association.

The waiting time for telex in the City has been reduced from 14 to seven months. Nationally the waiting time for private circuits *has been cut from 12 to* eight months.

Private medical service accuses BMA

By Robin Pauley

MEDICOVER, an emergency private medical service in London, accused the British Medical Association yesterday of failing to meet it since its formation a year ago. The BMA supported a rival service in which it had a financial and commercial interest, it claimed.

"Medicover finds it appalling *that a trade union such as the* BMA has done its very best to oppose the Medicover concept while, at the same time, encouraging development of a competitive scheme in which they have a financial stake," the company's statement said.

A BMA spokesman said yesterday that the BMA had discussed the scheme with Medicover and was in correspondence with it.

There was no reason why a meeting could not be arranged once the BMA had its firm proposals.

BMA's main objection to the scheme was that it did not provide continuity of service (which Medicover denies) while the new Air-Call scheme did.

Marconi to update satellite station

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

RAPIDLY INCREASING international telephone, telex and television traffic through satellites *has resulted in a £5m* contract for Marconi Communications Systems to update the British Telecom satellite Earth station, Goonhilly 4, in Cornwall.

Built by Marconi in 1978 as an experimental station for British Telecom to prove the technology of working in the 14/11 GHz (Gigahertz) frequency band, the station is due for conversion for regular operation, especially with the new generation of satellites, such as the bigger Intelsat Vs.

This will ease the strain on the 6/4 GHz frequency band, rapidly approaching saturation point as international telephone, data transmission and other traffic expands.

The new 14/11 GHz frequency band at Goonhilly 4 will be able to take over much of the existing 6/4 GHz frequency traffic, which emanates from Europe and America, releasing a considerable number of circuits for allocation to other users, especially in the Third World.

Goonhilly 4, when updated, will be one of the most comprehensive satellite receiving and transmitting stations on Earth.

Flow of job offers to Consett area

BY MAURICE SAMUELSON

THERE HAVE been about 60 serious offers to bring new businesses to the Derwentside district of County Durham which includes Consett, the former steel-making town, where unemployment has reached about 7,000, according to BSC Industry, the British Steel Corporation's job creation unit.

Several projects have been signed up which could provide at least 1,000 job commitments by the end of the year, said Mr. Laurie Haveron, BSCI's Consett representative.

Mr. Haveron confirmed that talks were continuing with a local engineer, Mr. Mac Murray, who wants to occupy the construction shop at Consett formerly used by Redpath Dorman Long, BSC's engineering subsidiary. Mr. Murray, head of a Hartlepool fabricators yard, proposes to use the former RDL works for making tubular steel sections for the offshore oil industry.

He says that initially he could provide work for nearly 100 people, rising to about 500 in the middle 1980s.

Whether or not the scheme goes ahead depends on whether RDL can replace the equipment it used to employ there for bending heavy sheets of steel into tubular off-shore sections. RDL has removed this equipment to a separate works at Stockton on Tees, but Mr. Ian MacGregor, BSC's chairman, is said to have asked RDL to find other, similar equipment which would be rented at Consett to Mr. Murray's company.

Sir Keith Joseph, Industry Secretary, visited Consett's empty steel works yesterday and later said he was impressed by the way small industries were springing up in the area.

At the Ever Ready factory at Tanfield Lea, County Durham, 600 workers stopped work in protest against Sir Keith's visit.

● Mr. Murray said yesterday that his company, M.M. Oil, had signed a £2.5m contract for services to the Egyptian oil industry in the Gulf of Suez.

Warning to shipbuilders

By William Hall

EUROPEAN shipbuilders must act collectively to survive the challenge from the Far East and European governments should take counter-measures to safeguard domestic industries if it was impossible to reach agreements on a voluntary basis.

This plea for state support was made by Mr. Robert Atkinson, British Shipbuilders chairman, speaking last night at the annual dinner of the Institute of Marine Engineers in London.

Mr. Atkinson said employment in EEC shipyards had fallen from 185,000 at the end of 1975 to 110,000 at the end of 1980—a drop of more than 40 per cent.

High Street ready to take the plunge into home video market

ARTHUR SANDLES explores the development of home video and forecasts that this year all the High Street stores will take the plunge into the market.

THE HOME VIDEO market has graduated from science fiction to commercial reality in a remarkably short time. While arguments rage over different systems and the rivalry between video-tapes and video-discs, the plain facts are that consumer demand is proving even greater than the optimists suggested.

Some 500,000 video-tape recorders will be sold in Britain this year. That will add to another 500,000 units already in use within the UK. The fact that Woolworth is to rent pre-recorded tapes is probably less surprising than the fact that other chain stores have shown some nervousness about the business.

If 1980 was the year in which several companies dipped their toes in the video market, then 1981 could be the year when everyone is eager to take the plunge.

Yet the home video market is not without uncertainties. Everyone can see the target; but there is very little agreement on how it should be reached.

There are now three contenders int he video tape market and three entrants for the video-disc business. It is hardly surprising that most British consumers have opted for rental rather than take the risk of buying equipment which could be useless in a few years.

The video tape rivalry is the VHS system developed by Japan's JVC and Sony's Betamax alternative. VHS equipment dominates the rental market. The third runner, the much-vaunted Philips V2000, has had a difficult start and it would be a feat if Philips can make up the lost ground. Units cost between £300 and £700.

Video-discs will begin to make a show on the British market later this year. Here Philips is in a stronger position, having a system which may be the most expensive but is generally regarded as technically ahead of its rivals.

The Philips system is up against RCA Selectavision, a low cost but massively backed product, and the JVC VHD units (which has support in the UK from Thorn-EMI).

In a report *published last year* by Granada Television (Who'll Be Watching Coronation Street in 1984?), Mr. Dennis Flach, Granada's head of marketing and research, estimated that by 1984, Britain's 20m TV homes *could be owning* or renting: 1.53m Teletext units, 200,000 home computers, 1.3m video recorders and 250,000 video disc players.

Mr. Flach said: "All this hardware adds up to a gross figure of 3.3m units and a theoretical penetration of some 17 per cent of the potential audience. But it is likely that the innovators will own two or more of these units. It would be surprising if the total households involved therefore were more than 3m."

The video industry overall would prefer the public to opt for video discs which are cheaper to produce, will have a lower cover price and, above all, do not give rise to problems of home-copying and copyright associated with video-cassettes. There is, therefore, an underlying optimism about video-discs, produced by whatever system, which the market-place has yet to confirm.

Video-tapes are undoubtedly popular. High Street stores such as Boots and W. H. Smith sell blank video-tapes with toothbrushes and hi-fi equipment. The tape that cost £17 two years ago can be had for £7. The pre-recorded material available includes copies of The Godfather or Straw Dogs available for £33, Jaws or The Ipcress File for £35

No one is quite sure how the video-market will settle. Are consumers going to use their equipment for replaying pre-recorded material which they have bought? Will they prefer library services? Or will they mainly use their units for the recording of TV programmes which are being offered at an inconvenient time?

As the Woolworth entry has shown there is a sizeable block of opinion which suggests that soft-ware rental is the immediate growth area.

Films could be hired for perhaps £4-£10 for domestic use and, given the average size of family plus a few friends, considerably undercut the cost of an evening out for the same number at a local cinema.

Mr. John Bentley's Intervision is *pushing very hard* in this rental market. This company is running hard against Thorn-EMI's own video division—an operation which has already signed with Boots, W. H. Smiths, Dixons and Rumbelows.

Laker wins first route to Europe

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE Laker, chairman of Laker Airways, has won his first scheduled air route in Europe—from Gatwick to Zurich. At the same time, British Caledonian has been awarded another route to West Germany—to Frankfurt.

Both routes cannot start until April 1 next year. That will give the Trade Department a year to negotiate the necessary approvals from the foreign governments concerned, without which the UK airlines cannot fly.

That could be difficult. Foreign governments have shown marked reluctance to approve new air services between Gatwick and the Continent awarded by the Civil Aviation Authority to UK independents.

British Caledonian, for example, has route licences granted by the UK for flights to Cologne/Bonn, Hamburg, Hanover and Stuttgart. It has been unable to implement them because of the West German Government's refusal to grant approval.

For Laker Airways the route to Zurich represents a small breakthrough in its campaign to win a substantial number of cheap-fare services between Gatwick and the Continent.

It has been given the route by the CAA because the authority believes such a route would help provide European connecting traffic to Laker's Atlantic air services from Gatwick.

The authority's view has been that it is time to start giving the independents new routes between Gatwick and the Continent, with the longer-term aim of "achieving lower fares on routes to European destinations."

It belives that it is time for the British Government to approach foreign governments. In the past, the belief that foreign governments would object to such new routes has deterred the UK from granting rights to independent airlines.

There are signs of a change. From the end of March, British Airways will be widening its new Club/Tourist Class concept (which involves the abolition of first-class) to many other European air routes from Heathrow, as will Air France.

At the same time other European airlines, such as KLM and Alitalia, will be extending cheap fare schemes.

The UK Government's view was outlined this week in Amsterdam by Mrs. Sally Oppenheim, Minister for Consumer Affairs, who said the UK would continue to press European Governments for changes in the air transport system, so airlines could offer cheaper fares.

The CAA's latest decisions are a blow for British Airways because the authority has withdrawn BA's licence to fly to Frankfurt and Zurich from Gatwick.

There is nevertheless some comfort for BA, which has been confirmed on its Gatwick-Dusseldorf route, which British Caledonian, Dan-Air and Laker had all asked to serve.

The CAA said that by allowing BA to retain that route, it would be possible "to make comparisons between it and other operators when future applications to serve other points in Northern Europe from Gatwick are heard."

● British Caledonian Helicopters a subsidiary of British Caledonian, is to spend up to \$10m (£4.5m) on four U.S. Sikorsky S-76 helicopters and plans to spend several million pounds soon on buying other helicopters.

The latter are likely to include more Sikorsky S-61s—the workhorse of the North Sea oil and gas support operation—and probably the big twin-engined twin-rotor Boeing Chinook 44-seater helicopters with extra long range, and the French Aérospatiale Puma.

Mr. Adam Thomson, British Caledonian chairman, speaking at the opening of the airline's £750,000 operations centre at Dyce Airport, Aberdeen, said the company's helicopter operations were to expand substantially.

The Chinooks would be ordered as soon as any oil contract of sufficient length of time was received.

Row threatens tube link to airport terminal

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

A DISPUTE between the Government and the Greater London Council over the financing of the £30m tube train link to serve the proposed Terminal Four at Heathrow Airport, London, threatens to delay work on the project. The dispute also means that the most favourable sites for the terminal's tube station are already being allocated for other purposes.

The British Airports Authority has already had to abandon proposals for siting the tube station directly beneath the terminal. If the dispute continues, the 8m airline passengers eventually expected to use the terminal each year face a long walk to the nearest London Transport underground station.

The Greater London Council is trying to persuade the Government to meet the entire cost of the tube link. But for a tube station to be sited directly under the terminal, agreement should have been reached by last autumn. Now plans for the terminal without an underground rail link have been sent to three local authorities for final detailed planning permission.

This is expected to be granted soon, allowing construction to start this summer in time to meet the terminal's planned opening date, now set for mid-1985.

Planning procedures are also well under way in respect of the second-best site for the tube station, under a multi-storey car park next to the planned terminal. To safeguard this site, the GLC planning and communications committee agreed on Wednesday night to pay £1.7m towards the extra cost involved for that

David Churchill looks at the difficulties facing food manufacturers

Canners mirror industry problems

THE BIG SQUEEZE is the title of a conference later this month at which several hundrd food manufacturers will meet to discuss the problems facing the food industry in time of recession.

The London conference, organised by the Food Manufacturers Federation, will look at the effect of rising labour, energy, packaging, and raw material costs when the volume of demand for food is relatively static and retailers are squeezing manufacturers' for large discounts to help finance their price wars.

The problems facing the whole industry have been mirrored in the past few days by those of the food canners.

Late last week Lockwoods Foods, one of the leading fruit and vegetable canners, was forced to call in the Receiver, putting more than 1,200 jobs at risk. Two other food canning companies—Tozer Kemsley and Milbourn (Holdings) and Smedley-HP, a subsidiary of Imperial Foods—are holding talks on merging their fruit and vegetable canning interests.

If the talks are successful, a company with an annual turnover of more than £50m a year would be formed, which would be the largest fruit and vegetable canning company in the UK.

Food canners have been subject to a number of problems which have grown in significance in recent years. The fundamental difficulty has been the chronic overcapacity of food canning plant because of a market switch to other forms of packaging.

Food canning techniques were developed in the last century as an efficient means of preserving fresh or cooked foods. Fruit and vegetables account for the largest volume of canned foods for human consumption, although canned petfoods have a greater share of all canned foods, according to trade estimates. The other major tinned foods are baked beans and milk products.

The demand for tinned foods has been falling over the past decade as consumers switched to different food products. Frozen foods, in particular, have increased in popularity as more homes acquired a domestic freezer.

Consumers preferred to buy their vegetables frozen rather than tinned, as the quick freezing technique of the frozen food companies is considered by consumers to maintain more of the original flavour.

There has been a marked shift in consumer preference in recent years, towards fresh fruit and vegetables rather than tinned or frozen. All major supermarket chains devote an increasing amount of space to fresh fruit and vegetables, especially as the profit margins on fresh produce are usually much higher than for tinned goods.

The net profit margins for most canned foods are usually only a fraction of a penny. Manufacturers are forced to give large discounts to retailers to try to maintain their sales volume.

The food canners have had to come to terms with the paradox that while consumers are seeking more convenience foods, they do not appear to want the old-fashioned convenience of tins.

Children's traditional snacks such as baked beans are under pressure from more sophisticated products such as KP Foods Quick Lunch instant pot noodles.

The steel strike of two winters ago accelerated the trend away from canned foods towards frozen foods, as well as showing the relative decline of canned foods in the household budget. Supplies of canned goods were beginning to become scarce by the end of the 13-week strike, but the threat of food shortages was never really taken seriously given the alternative supplies of frozen food.

Apart from the problem of consumers' changing taste, however, the UK industry has appeared slow to reduce surplus capacity.

Ban on three directors of Gilgate and Raybourne

By Raymond Hughes, Law Courts Correspondent

THREE DIRECTORS of the Gilgate and Raybourne groups are to be banned from acting as directors because of "massive" breaches of their legal duties.

In the High Court yesterday, Sir Robert Megarry, the Vice-Chancellor, said that Mr. Christopher Reynolds would be disqualified from being concerned in the management of any company for four years, Mr. John Kidd for three years and six months and Mr. David Lucas for two years.

But he suspended his order for two weeks so that the three could apply to have the disqualification deferred to enable them to tidy the affairs of certain of the companies they control.

Disqualification had been sought by the Department of Trade under section 28 of the 1976 Companies Act, on the ground that the three had persistently defaulted in filing accounts and lodging annual returns within the statutory period.

The judge said that it was undisputed that there had been defaults on a massive scale, prolonged and widespread, and devoid of any convincing explanation or excuse.

Mr. Kidd had committed a total of 134 defaults, for 10 of which he had been convicted by magistrates. Mr. Reynolds had 130 defaults, including 10 convictions; and Mr. Lucas 119 defaults, including three convictions.

The defaults related to accounts and returns from 1976-1979, and the periods of delay ranged between a few months and over a year.

Mr. Reynolds, an accountant, bore the major responsibility. Mr. Kidd, a solicitor, was not far behind. Mr. Lucas, an estate agent, was "more on the fringe" and less culpable, said the judge.

His decision on the length of disqualification to impose had been influenced by the fact that, although it was a very bad case, it was not the worst possible, and was the first to be brought under the section.

He rejected the directors' plea that the delays had resulted from the need for them to concentrate on running the companies at a difficult time when, among other problems, Gilgate was being investigated by Department of Trade inspectors.

"I have heard nothing to persuade me that these manifold defaults over a long period could not have been remedied without imperilling the companies."

Nor did he accept that the blame for the delay rested on Thornton Baker and Co., auditors for three Gilgate companies, who had withdrawn accounts because they were not satisfied with information they had been given.

"The picture is plainly not one of zealous directors being delayed by dilatory auditors, but very much the reverse," the judge said.

Whitbread plans staff cuts in UK and growth abroad

BY GARETH GRIFFITHS

WHITBREAD IS carrying out a reorganisation involving expansion overseas and retrenchment in Britain, with the probable loss of several hundred jobs.

The group has set up a new division—Whitbread Technical Services—to start a 10-year campaign to build and invest in breweries all over the world with the aim of making 30 per cent of future profits from abroad by 1990 compared with only 8 per cent in 1980. Whitbread will offer expertise and funding to foreign brewers in return for a share in their equity.

However, Whitbread London, the subsidiary which covers London and East Anglia, wants to reduce the 600-strong workforce at its Luton brewery by up to 50 per cent. It is also closing depots at Tottenham and Lewisham in London with the loss of 200 jobs and is seeking voluntary redundancies at nine distribution depots.

Although not directly linked, the two moves illustrate the problems facing British brewers. Beer sales in the UK are unlikely to grow very much in the 1980s and are indeed falling at present. Because of overcapacity in Britain, brewers believe that their best opportunities for investment lie overseas.

For some time Whitbread has been worried about its operations in London and East Anglia. Return on capital is the lowest in the group's operations and Mr. Roger Tatham, managing director of Whitbread London, wants a 30 per cent reduction in capacity.

He says in a letter to the 2,200 employees that the Luton brewery can produce 1.1m bulk barrels a year, although demand is unlikely to be more than 700,000 bulk barrels a year for the next three years. The distriubution network can take 235,000 tonnes a year, but is unlikely to carry more than 189,000 tonnes a year in the same period.

Whitbread is having talks at a local level with the Transport and General Workers' Union about the future of the Luton brewery, but the main Whitbread board wants a decision by April. A production and administrative study is expected to be completed by then.

The group is keen to expand overseas and has finished work on the £51m Magor brewery near Cardiff and sold to BP for £93m its Chiswell Street site in the City of London developed in conjunction with Trafalgar House.

Kagan freedom plea fails

THREE Appeal Court judges in London yesterday rejected a plea that jailed peer Lord Kagain should be freed to save his textile companies from stagnation.

Lord Kagan, the founder of the Gannex group, which lost its royal warrant earlier this week, was refused leave to appeali against the 10-month jail sentence and £56,000 fine impoed on him at Leeds Crown Court in December.

Lord Kagan, 65, was also refused permission to challenge the Crown Court judge's order disqualifying him from company directorship for three years after his please of guilty to theft and false accounting charges.

A Kagan group company, Cellofoam (Yorkshire) was fined £375,000 for conspiracy to defraud the Inland Revenue and was also refused leave to appeal.

The appeal judges were urged by Mr. Gilbert Gray, QC, that Lord Kagan's continued incarceration in Rudgate Open Prison, near Wetherby, Yorks, was not in the public interest. Mr. Gray said jobs in the already-threatened textile industry were at risk while he was not "at the helm."

Water workers move towards accepting 12.3% pay offer

BY JOHN LLOYD, LABOUR CORRESPONDENT

NATIONAL officials of the 32,00 manual workers in the water industry appear to be moving towards accepting the employers' 12.3 per cent offer.

The results of voting in the four unions will not be known until Monday, when the officials decide their response to the National Water Council, the employers' body.

It has become clear, however, that results in the two big unions — the General and Municipal Workers Union, with 20,00 members in the industry, and the National Union of Public Employees, with 10,00 — are finely balanced, with a probable narrow majority in favour of acceptance.

There was uncertainty over the GMWU's southern region, with 4,000 members. Unlike the other regions, it did not hold a delegate conference but took an aggregate of branch votes. This now seems to be in favour of acceptance.

Of the other big GMWU regions, West Midlands voted to accept and London was split.

It is though the majority in NUPE for acceptance was a little over 100 from a voting total of around 8,000.

NUPE's executive will consider further action today. Its national water committee met yesterday but issued no statement afterwards.

Mr. Eddie Newall, the union's chief negotiator and a GMWU national officer, said yesterday he would assess the voting with Mr. David Basnett, the union's general secretary, over the weekend.

The negotiators are to meet the National Water Council next Thursday.

TUC plan to save training boards

BY ALAN PIKE

THE TUC yesterday launched a campaign to save statutory industrial training boards with Mr. Ken Graham, assistant general secretary, declaring it would be "an act of monumental folly" to dismantle established arrangements.

Voluntary effort—on which the Government proposes to concentrate much of the future training drive—was needed as part of any system, Mr. Graham said a TUC conference on industrial training in London.

"But to rely on it when so much still needs to be done would, without doubt, put the training clock back to the 1950s," he said. "A legal rfamework is essential to underpin the system."

The Manpower Services Commission is undertaking a sector-by-sector review of industrial training which is likely to lead to maniy of the 24 statutory training boards being abolished later this year.

Under the Employment and Training Bill, which is about to enter its committee stage in the Commons, Mr. James Prior, Employment Secretary, will gain power to abolish boards with or without a Commission recommendation.

The TUC believes that many employers and some Conservative MPs have doubts about scrapping existing arrangements. Efforts will be made to enlist their support to save statutory boards and "build upon their positive achievements."

Lord Scanlon, chairman of the Engineering Industry Training Board and former president of the Amalgamated Union of Engineering Workers, told the conference that the nation was in danger of consuming its seedcorn. "Once training is abolished, there can be no future for Britain in an industrial sense of the word."

He attacked a letter sent by the commission to training boards, telling them they should plan for public funding of their operating costs to end in December. The conference was told that TUC representatives on the commission did not know of a decision to end funding then.

The Government has said it is determined to transfer any surviving statutory boards' operating costs to industry, but it is open to discussion on the timescale.

Why civil servants took action

BY PHILIP BASSETT, LABOUR STAFF

PICKETS in Whitehall this week were merely the most obvious indication of a strike campaign over pay by Britain's nine civil service unions. The campaign, which started with selective strikes in key centres, will be extended next week.

THE LEADERS of the Council of Civil Service Unions, which is organising the strike campaign, is keen to demonstrate to a Government it believes is discriminating against the Civil Service that civil servants perform useful work.

They felt the only way this could be shown was to pull staff out in as wide a range of occupations as possible. The effect, even in a short time, has been to prod Government agencies from Companies House to the Department of Employment to issue statements detailing the results the strike action was having.

Monday's one-day strike focused attention on the most explicit target of Whitehall departments: air traffic controls and local unemployment and social security offices. The unions and the Civil Service Department became involved in a wrangle over the number of staff who took part.

The unions claimed a 90 per cent response, while the CSD countered with 55 per cent. Senior union officials are now prepared to admit privately that the figure might have been closer to 75 per cent—though for three-quarters of a traditionally moderate labour force to come out on strike is a clear indication of the strength of feeling over what many civil servants take to be this Government's repeated attacks on the service.

Since Monday it has become clearer how widespread the action was. Picket lines tended to be manned by lower grade clerical and executive staff, but the number of members of more senior grades, even in Whitehall departments, who took action seems to have been substantial. Even many senior staff feel the handling of the issue of pay this year—the suspension of the service's traditional system of pay comparability, and the tabling and then raising of the pay offer for this year—could have been more sensitive.

Union leaders, jubilant about the response to Monday's strike call, proclaimed the following day that they would be going for "constantly moving targets," and the flexibility of the unions and their readiness for this bout of action has been emphasised in their reaction to the threatened suspensions of Customs and Excise staff in Liverpool and in the general range of action taken.

The main effects of the action this week have been:

● Revenue collection has been threatened. This central plank of the unions' strategy—to hit the Government's cash flow—has been carried out by 250 staff at the Value Added Tax computer at Southend, who were joined yesterday by Inland Revenue computer staff at PAYE, and corporation tax and national insurance computer staff at Cumbernauld in Scotland and Shipley in Yorkshire.

The delay in bringing out the tax computers was not because of any doubts about support in the two centres but a tactical argument within the action coordinating committee of the council.

The taxman's union, the Inland Revenue Staff Federation, argued that maximum disruption could be achieved by pulling out the plugs at the computers next week, around March 19, the peak period in the month for their receipts. Other union leaders stressed the importance of united and co-ordinated action.

The Government has not yet shown its hand in relation to the disruption threatened to its revenue collection, though it is believed that letters to about 70,000 key customers are being prepared which will give a range of Giro bank account numbers for use in voluntary manual payments of VAT, tax and national insurance contributions.

● Information on departmental finances, as well as revenue to fund them, has also been hit this week by strike action by between 25 and 30 staff at the Paymster General's Office computer at Crawley, which acts as the banker to all government financial transactions, providing information and checks on levels of spending.

Some contingency plans are claimed to be in operation at Crawley, but a union official said yesterday that it is difficult to translate information stored on computer tape to a state in which it can be used in manual processing.

● The work of Companies House in London, where about 11,000 search requests are made every day, has been halted. Some provision is still available in Companies House in Cardiff, but staff there were meeting yesterday to consider action. The prospect is of severe disruption for as long as the strike is on.

● Earnings related benefit payments to new claimants have been stopped, as have direct national insurance contributions by self-employed workers, by strike action by staff at the Department of Health and Social Security contributions computer in Newcastle upon Tyne.

● The Government has become increasingly concerned during the week by action at the Composite Signals Organisation Station at Bude in Cornwall, where about 45 staff have been on strike. These were due to return to work from midnight last night, and the operations of the Soviet satellite monitoring station have not been halted, but the unions plan to hit one of the other five signals establishments in the country.

● Defence operations have been hit. The Defence Ministry acknowledged yesterday that there had been delays in signals in the Wintex NATO exercise, though the operations of the exercise are still running broadly to timetable.

Computer staff at naval supply centres, including those for the Polaris nuclear submarine base on the Clyde, have been out all week, and a number of Defence Ministry establishments were hit yesterday by half-day walkouts by staff. They included computer staff in Liverpool who process payments made to all Ministry contractors. A number of blue-collar staff were sent home at various bases because of action by their white-collar supervisors.

● Other action taken this week included the cancellation of driving tests at a number of centres.

The main international effect of the action has been the cargo blockade of the Republic of Ireland by strikes by land boundary staff across the border and by Customs staff at west coast British mainland ports serving the republic.

Lorries have been backed up at the Northern Ireland border, with many drivers preferring not to try to make the crossing rather than risk terrorist action by crossing on one of the minor side roads. Irish industrialists have warned of the consequences facing the Republic's economy if the strike persists. Government ministers in Dublin are said to be considering how best to respond.

Cross-channel trade from Ireland is worth about £12m daily; 45 per cent of the republic's exports are bound for mainland Britain, from where it draws about 50 per cent of its imports.

The Irish blockade has led directly to the suspensions threatened in Liverpool earlier in the week and the six further suspensions of staff threatened for Monday. This led to a series of widening walkouts in the Merseyside and north-west region, until by yesterday afternoon very few civil servants were left at their desks in Liverpool.

Passenger and cargo traffic at Heathrow faced some disruption yesterday, and there could be further difficulties today and tomorrow. The action follows the almost complete closure of the major Civil Aviation Authority airports during Monday's one-day strike.

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THE WEEK IN THE MARKETS

Hoping the numbers add up

LONDON

ONLOOKER

Recent Budgets have not always been good for stock markets, but this one might have been designed with the gilt-edged market in mind. If—and it is a big if—Sir Geoffrey Howe's sums work out right, then the public borrowing requirement of £10½bn, achievable only after a substantial increase in taxation, means that new Government bonds might be issued slightly less frequently, especially if National Savings does its stuff and brings in £3bn. This week, however, a new 1990 stock was issued in almost indecent haste to take advantage of the strong market.

The other instrument that should take the strain off the conventional gilt-edge market is the new index-linked Government stock, which from a fund managers' point of view looks more like a substitute for equities than for fixed-interest bonds. Partly because of this competition, and partly because the Budget goes no further than the well-discounted cut in interest rates to help industry, share prices fell steeply on Wednesday. The decline was reversed the following day, when a number of good corporate results were published (including acceptable figures from Shell and BP), but yesterday prices were heading downwards again.

Savoy tussle

The offer for the Savoy Hotel group proposed by Trusthouse Forte has been immaculately planned and timed. It is worth £58.4m, which is generous on trading grounds, since the Savoy has been trading poorly for years and is currently losing money. Nor can the Savoy Board — which has rejected the offer — defend itself by arguing that THF plans to strip the property assets. THF says it intends to maintain the hotels in the old de luxe tradition; in contrast, indeed, to the Board, which is proposing to sell off 100 rooms in the Savoy hotel itself as office accommodation.

In the past the Savoy Board has always been able to fight off unwelcome approaches, because the complicated "A" and "B" structure of the shares means it can count on perhaps 45 per cent of the votes. But on this occasion, the defence is in danger of backfiring.

The THF offer starts with a big tranche of shares committed to accept. The Kuwait Investment Office has pledged support for its large holding — worth 21 per cent of the votes—while it would be surprising if the funds under the management of Warburg — THF's merchant bank — failed to come out in support.

More important than the proportion of total votes is the fact that THF can count on 49.5 per cent of the low-voting "A" shares and the Board perhaps only 5 per cent. Through an ingenious application of company law, THF is proposing that each class of shares is voted separately. Under this interpretation, THF needs to win only 75 per cent of the "A" shares to obtain all the shares in this category—representing 51.4 per cent of the votes and effective control.

The prospect must be giving the members of the Savoy Board sleepless nights. For if the court approves this proposed scheme of arrangement and the "A" shares vote in favour, the "B" shares would lose the current huge premium for their current extra voting power. So the pressure on holders of the "B" shares to accept the offer while it is still on the table—rather than risk fighting through the courts—is very strong.

Stone-Platt

Shareholders in Stone-Platt have two major decisions to make in the next few weeks. First, they have to approve a capital reconstruction which will put the group on a much sounder financial footing but will also dilute their existing interests substantially.

Then they have to decide whether to put new risk capital into the group, in response to its open offer of a new type of ordinary share.

There is no question about their first step. Stone-Platt needs new equity, and the latest arrangements with its bankers are conditional on shareholders supporting the whole package. Moreover, at the current depressed share price, the two new outside investors—Equity Capital for Industry and Finance Corporation for Industry—are putting their money in on terms that are favourable to existing holders. So the proposals should certainly be supported.

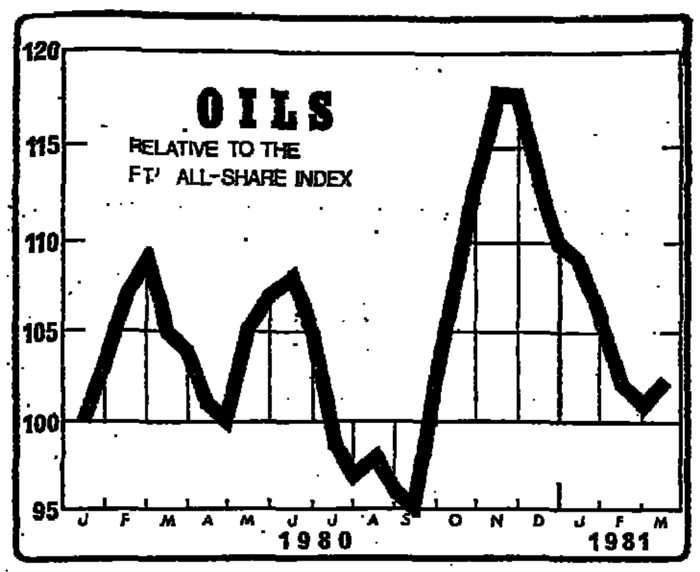
After the reconstruction, the group will have shareholders' funds of nearly £50m and loans of about £30m. It is left with a healthy electrical business, with annual sales of £65m and profits of over £3m before interest. And of course it still has its textile machinery division, the source of all its financial problems in recent years.

Roughly half this business is based overseas, in the U.S. and Spain—and these activities make a reasonable profit. The big problem lies in its Lancashire factories, which lost over £6m before interest last year. The operation hase been cut back heavily, and the hope this year is that it will make only a small loss before interest on sales of about £40m.

Despite its problems, Stone-Platt has been able to recruit some impressive new managers over the last year or so. It has also convinced its two new institutional shareholders of its long term viability.

However, is it not yet clear beyond doubt that Lancashire can be pulled round, so the group remains in the high risk category. The prospectus deliberately makes no firm recommendation about whether shareholders should subscribe to the issue.

Probably the best approach is to treat the offer as a brand new investment, which must be judged on its own merits. This is nothing like a conventional rights issue. The potential



Seventh round

THE PAST few days must have been a trifle confusing for investors in London-traded oil shares. Prices travelled down and up an inverted bell curve on the back of bad and good news on the Budget and Seventh Round North Sea licence allocations.

Tuesday's Budget items on North Sea taxation and petrol tax sent shares downward, a trend which continued late into Wednesday. But Thursday's trading in the oil sector was coloured by the happy news that 72 of the 119 companies awarded North Sea stakes were British.

The Government's 37 licences went to a potpourri of UK independents, medium sized old hands like LASMO and Tricentrol and to the majors. There were also some distinctly non-oil companies picking up drilling rights—Unigate and Trusthouse Forte are not normally associated with the quest for black gold under the seas.

To complicate matters, this was the week in which City stockbrokers intensified their battle over oil shares: several told their clients that the boom had been overdone and others devided to recommend a "hold." At issue were the impact of the North Sea taxes on asset values and the amount of froth already contained in costly oil shares.

Finally, yesterday saw a fair amount of end account profit-taking and this brought Thursday's sector rise back toward ground level. BP rose 22p Thursday (partly on its figures), but came down 10p again yesterday. Shell, likewise, rose 26p on Thursday and fell 12p within 24 hours.

The smaller companies, thought to be better bets in the wake of their Seventh Round success, followed a similar pattern. Cluff Oil spurted 15p Thursday and fell 10p yesterday. Premier Consolidated and Sovereign, both Seventh Rounders, did the same.

The most embarrassing footnote of the week was the debut of TR Energy on Thursday. With a full listing, a full portfolio and some solid names backing the new issue, TR should have done better than a temporary 3p discount on its £1 subscription price. Perhaps the oil exploration glamour is finally beginning to fade.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1980-81 High	1980-81 Low	
F.T. Ind. Ord. Index	477.2	−11.9	515.9	406.9	Little Budget aid for industry
Exchequer 12% 1999-2002	£91	+ 3¾	£97½	£81½	Strong response to Budget
AMAX	£26¾†	+ 8¼	£26½	£16½	World record bid from Socal
BTR	444	+50	446	201	Bumper profits and 60% scrip
Boustead	167	+22	173	32½	Speculative support
Bristol Evening Post	170	−15	185	103	Assoc. News bid blocked
Collins (Wm.)	152	+12	152	83	Return to profitability
Currys	316	−21	343	153	Squeeze on consumer spending
Hewitt (J.) (Fenton)	63	+15	63	32	Results due on Wednesday
Metal Box	168	−16	318	156	Uneasy after Tubes' dismal figs.
Pentos	20	− 9	69	19	Dividend omission and £2.2m loss
RTZ	465	+37	486	322	Bid hopes in wake of U.S. mergers
St. Joe Minerals	£21¾	+ 9½	£21¾	788p	$2bn takeover from Seagram
Savoy A	165	+38	166	100	Bid from Trusthouse Forte
Tube Invs.	180	−14	312	158	Final dividend slashed
Tunnel B	380	+66	390	140	Ward (T. W.) share and cash offer
Vitatron N/V	75	−85	280	75	Substantial loss forecast
Western Mining	273	+29	332	177	Bid hopes in wake of U.S. mergers
Whitbread A	139	−11	174	125	Excise duty increase
Wigfall (H.)	162	−28	250	130	Small selling/lack of support

†-Price at suspension

Reagan rally

NEW YORK

IAN HARGREAVES

THIS WEEK Wall Street had its second Reagan rally. The first one, of course, came immediately after Mr. Reagan was elected. This week's started when Wall Street began to realise that the record $3.9bn offer made by Socal to take over Amax, the mining and metals concern, at the end of last week was about to turn into a stampede.

The other two large offers (Seagram-St. Joe and Sohio-Kennecott) took the tally to over $7.5bn and there were several other smaller deals stoking the excitement from the wings.

But why call this a Reagan rally? The answer can be illustrated by reference to a speech—entitled U.S. mining, crisis and remedy—made in November, 1979, by a senior Amax executive. The speaker asked the Government to do six things, four of which concerned changes in enforcement of environmental laws, one to do with regulation and planning and one a plea for the Government not to hinder joint production ventures through the anti-trust statutes.

Seagram, Sohio and Socal believe that Mr. Reagan will oblige on all counts, taking even further than Mr. Carter the trend towards deregulation plus a more pro-business approach to anti-trust.

Their faith is well grounded, although that does not mean there will not be some outcry in Congress at the sight of the oil companies again throwing their windfall profits into new sectors. Oil companies already produce 35 per cent of U.S. copper and 25 per cent of coal and uranium. But the companies believe they can now overcome this because Mr. Reagan is fundamentally pro oil industry.

There are also, however, more obvious reasons both for the rally and the takeover spree, the biggest being the fact that a large number of mining and metals companies, with whom big oil feels it has a natural fit, are undervalued.

The slide in commodity prices since last summer (gold under $500 per ounce, against a peak of $850 last year, for example) has taken its toll on the natural resources stocks. Virtually all of them closed before the Amax announcement down about 10 per cent from their year end closures, whereas the Dow closed at an almost identical point.

This week, the mining and metals shares have led the Dow at every point.

These were the stars, all potential takeover victims. Gulf Resources (coal and numerous metals) up 25 per cent. Freeport Minerals (sulphur, phosphate, uranium, coal, oil) up 16 per cent. Newmont Mining (copper, zinc, gold *et al* plus a 7 per cent stake in St. Joe) up 16 per cent. Phelps Dodge (second largest copper company) up 21 per cent. Texasgulf (sulphur, fertilisers, ores, metals) up 15 per cent. There were also strong gains at Asarco, Homestake Mining but not at some of the purer precious metals plays (such as Sunshine) or, for example, at U.S. Steel, which has huge reserves of coal and iron ore.

In addition to the more helpful political climate, buyers and would-be buyers of these companies are also betting on the emergence of a tightening supply-demand balance in commodities such as coal and copper. They are essentially buying assets in the ground which they calculate to be undervalued for the long pull, especially if big capital can be made available to modernise mining and processing techniques.

The fact that these same arguments could have been made one year or even five years ago indicates the element of risk that the oil companies may be wrong.

The copper industry, for example, is currently getting about 85 cents a pound for its copper. It needs $1.75 just to get it back to where it was in the late 1960s, allowing for cost inflation. Much the same can be said of lead and zinc, where overcapacity is always a problem.

MONDAY	976.42	+11.80
TUESDAY	972.66	− 3.76
WEDNESDAY	967.67	− 4.99
THURSDAY	989.82	+22.15

Diamonds—are they still forever?

MINING

GEORGE MILLING-STANLEY

DIAMONDS, it will be recalled, used to be forever, and they certainly will be again at some time in the future. But it does not look as if they are for now, with the market in the doldrums at the moment.

The diamond market is notoriously cyclical, however, and most experts agree that it is bound to rally sooner or later.

There is a fair measure of support for the view that the upturn will come towards the end of this year, and certainly by the middle of next, but even a market in such an ostensibly romantic commodity as diamonds depends to a great extent on the hard realities of economics, and there are still far too many imponderables in the world economic situation to make forecasting an easy task.

This week's results from South Africa's De Beers Consolidated Mines, the most important force in the world in diamond mining and the marketing of rough gems, provided a graphic illustration of the current problems in the diamond market.

The company reported a fall of 11.6 per cent in 1980 pre-tax profits, and it was only a change of accounting policy that allowed De Beers to show a rise in net profits.

For the first time, De Beers included its share of the retained earnings of associated companies in the income statement, and this, coupled with lower charges for tax and the state's share of profits under the terms of the company's mining leases, produced net attributable profits of R853.8m (£490m).

This represented a rise of just 2.3 per cent on 1979's figure, restated on a comparable basis.

Earnings on the new accounting basis came out at 237.3 cents a share, compared with 235.8 cents, and De Beers cut its final dividend to 50 cents from 52.5 cents to give a total for the year of 75 cents, up slightly from 1979's 72.5 cents.

This reduction in the final payment caused some surprise in the stock market, but the company had warned at the halfway stage, when it raised the interim dividend to 25 cents from 20 cents, that it planned to reduce the disparity between the two payments.

Nevertheless, most analysts had been looking for the final dividend to be at least maintained, giving a total of 75 cents, and some were hoping for a total payout of as much as 80 cents.

The company's income on the diamond account fell by 15 per cent to R816m. No significant increase in profits is expected for the first half of the current year, with diamond sales expected to remain sluggish, and De Beers is pinning its hopes on an upturn in the second half.

Recent signs of softening in U.S. prime rates are regarded as encouraging; and the company is clearly hoping that last year's 11 per cent rise of the rand in terms of the dollar will not be repeated.

De Beers was badly hit by this change in parities last year, partly because diamond prices are denominated in dollars, and also because the U.S. currently accounts for almost half of world sales of gems.

As a result of all this, the value of the company's diamond stocks at the year-end went up by 70 per cent to R697.7m.

De Beers said that market conditions in most of the cutting centres are weak, and stocks of polished goods are high. In what is described as a move to "restore confidence and stability in the cutting centres," the company's Central Selling Organisation (CSO), which accounts for the bulk of world sales of rough gem and industrial diamonds, has reduced its offerings substantially.

It has been suggested that at last month's London "sight," at which dealers and cutters are offered packets of uncut diamonds on a take it or leave it basis, the number of stones on offer was reduced by 20 per cent.

Some reports suggest that no dealers were invited to London, and only about 60 per cent of cutters, while three-quarters of the usual Israeli contingent were excluded. De Beers has not confirmed any of this, but the company did admit that fewer than usual of the 300 or so "sightholders," those dealers and cutters who normally attend, were present this time.

One reason for this, according to De Beers, is a reluctance to offer diamonds to people who will find it difficult to sell them on. Lower prices might help there, of course, but it has never been the organisation's policy to fight difficult market conditions in this way.

The current weakness in the diamond market has led some commentators to suggest that De Beers is losing its control. Through its own mines in South Africa and neighbouring territories, and through various formal and informal arrangements with the other major producers, De Beers controls most of the world's supply of diamonds from the time they are mined until they reach the cutters and dealers.

Base prices are controlled through the CSO, but demand is a much more difficult thing to bring into line.

De Beers has never claimed that it governs the market, but equally it does not feel that the market is getting out of control.

The company makes the point that there are in fact two different markets in gem diamonds, one for the jewellery industry and one for investment/speculative purposes. To put the whole matter into perspective, the latter category accounts for about 1 per cent of De Beers' sales by volume, and perhaps 10 per cent by value, since it is mostly concerned with the larger, better-quality stones.

Those active in the investment market tend to use the one carat, "D-flawless" category (the "D" refers to colour) as the benchmark for prices. Such stones were being offered at around $60,000 (£27,000) 12 months ago, although it is by no means certain that anyone actually paid that sort of price, and are now some $20,000 cheaper.

This is regarded in the jewellery trade as partly the fault of some promoters of diamonds as an investment vehicle, who have "talked up" prices and partly it is a function of high partly it is a function of greatly increase carrying costs.

In any event, this decline in the price of one type of gem, out of a possible 3,000 or so other categories, should not be taken as a signal that the diamond market as a whole is out of control and on the point of collapse.

The jewellery industry is of far greater significance and while De Beers does not expect to be in a position to increase prices this year, the company is to some extent heartened by the fact that retail jewellery sales of diamonds last year topped 1979's record level in value.

YOUR SAVINGS AND INVESTMENTS—1

After the most controversial Budget of recent years, Financial Times writers review prospects for investors and the impact of tax changes in the year ahead

Taking the gilt off equities

"THIS IS a Budget which might have been designed by a gilt-edged broker with strong monetarist leanings." The snap reaction of brokers Carr Sebag was shared by virtually every other pundit in the City.

The long dated tap stock, Exchequer 12¾ per cent 1999 "B", was exhausted first thing on Wednesday morning, and gilt-edged prices at the short end rose by well over a point. In the equity market, by contrast, there was no rejoicing.

The Chancellor's measures were deemed to be good for gilts for a number of inter-dependent reasons. The Budget numbers appeared broadly credible—and highly deflationary. The projected Public Sector Borrowing Requirement after the Budget changes was a shade lower than most had expected, and the 2 point cut in Minimum Lending Rate was at least enough to satisfy the market.

In addition, the gilt-edged specialists were given just about everything they had wanted in the way of more imaginative funding methods. The introduction of a new index-linked Government bond, to be made available to the pension funds, was a big and welcome surprise.

Finally, the reaffirmation of the Government's austere policies brought an immediate response in the foreign exchange market. The prospect of a recovery in sterling, the bulls argued, would suck foreign investors back into the UK bond market.

So the consensus seems to be that the Chancellor's deflationary policy will leave room for a cut of say, a further couple of points in short term interest rates in a few months' time. That would obviously help the short end of the market.

Longer dated stocks should benefit from the fact that the Government is sticking to its medium term financial strategy, and from the hope that the pressure of sales from the Government Broker in the coming months will be significantly reduced. This should follow from the cut in the Public Sector Borrowing Requirement and the drive for new forms of funding, through the National Savings movement and the indexed gilt.

At this point, however, views begin to diverge. The bulls of long dated bonds believe (along with the Treasury) that the Chancellor's strategy will lead to a sustained fall in inflation in 1982 and beyond.

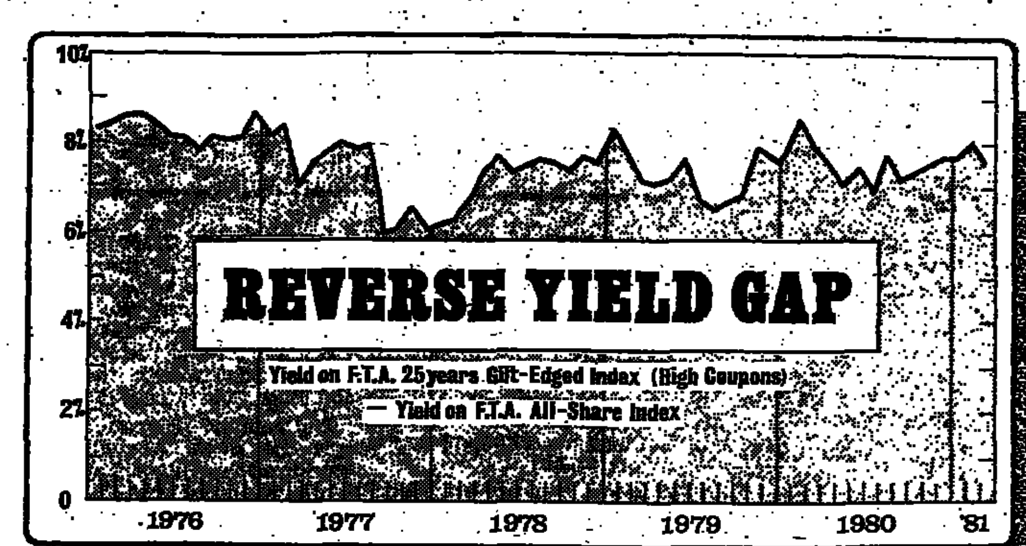
With yields of well over 13 per cent, the longs are already offering attractive real returns on the basis of this year's inflation forecast. On this view, the return offered on longer dated stock could well fall in line with the reduction in short term interest rates.

Against this, the bears say that the Chancellor has been unrealistically tough. Brokers James Capel sum up this argument: "The odds on a reflationary Budget being introduced in the Autumn have been considerably enhanced by the Chancellor's speech."

For this reason, they suggest that the gap between short- and long-term yields could widen sharply in the months ahead—until short-term rates start to edge up in response to the inflationary pressures brought about by some form of U-turn.

These uncertainties, which are to do with politics rather than finance, have loomed larger in the last few days with the growing murmurs of disquiet from the Government's friends as well as its enemies. They are likely to restrain what might otherwise have been some very enthusiastic support for the fixed interest market through the Spring.

A firm trend in gilts, however, seems the best hope for equity prices—at least over the short term. Even before the Chancellor stood up, the relationship between equities and fixed interest stocks had been looking rater lop-sided. Inflationary worries had widened the gap between the yield on equities and that long dated gilts to a point which had seldom been exceeded in recent years. This relationship looked precarious after Budget measures which seemed as bad for share prices as they were good for gilts.



MARKETS

RICHARD LAMBERT

Brokers Simon and Coates summed up the reasons for expecting weakness in share prices over the short term. The amount of relief made available to industry in the package was disappointingly modest—the absence of any cuts in the employers' national insurance surcharge or in taxes on heavy duty fuels being the most glaring omissions.

The deflationary impact of the Budget called into question the recovery in profits that was beginning to be discounted for the second half of this year. And projections of a further decline in sterling over the short term—and therefore of fatter export margins—suddenly looked a lot less realistic.

Others argued, too, that the introduction of the index-linked gilt—offering a risk free real return of 2 per cent—would attract funds that might otherwise have gone into shares. After all, the pension funds traditionally look to equities as their hedge against inflation.

In addition, the Chancellor singled out a number of business sectors for specific punishment. The new North Sea oil levy had been more or less fully discounted in share prices, and so had the increase in duty on spirits. But the rises in tobacco and beer duties were a lot steeper than had been anticipated.

And although there had been plenty of talk about a special tax on bank profits, the rake-off was heavier than many had expected. While it was said to be a one-off affair, the fact that it was imposed at all—and by a Conservative Government—means that the market will never look at bank shares in quite the same way again.

The banks were already yielding a lot more than the market averages, and the same applied even more to the Imperial Group—the most obvious victim of the squeeze on tobacco and beer. But although that should be a protection against further price falls, any hope of a re-rating relative to the rest of the market seems to have been dashed for the time being.

However, if the Chancellor's strategy works, then somewhere over the rainbow there will be a big bull market in equities. Pending that happy event, you don't have to believe in the Wizard of Oz to think that any sustained rise in gilt-edged prices would be at least partly reflected in share prices.

The Budget could encourage a recent trend in the equity market—the selective buying of depressed manufacturing stocks (the main gainers from lower interest rates) at the expense of the victims of lower consumer spending. But you would be hard pushed to make out a case for buying any company's shares just on the strength of the Chancellor's speech. Unless anyone makes bullet proof vests?

Lucky for accountants

PERKS

JOHN MAKINSON

A YEAR from now the Chancellor may be weighing up the merits of a windfall profits tax on accountants. For the proposals on perks introduced in Tuesday's Budget seem certain to provide the accounting profession with more extra income than the exchequer.

Sir Geoffrey Howe has a well-known aversion to perks which he considers "an inefficient and often wasteful way of rewarding effort." This year he has made a greater effort to practice what he preaches while leaving the ground-rules of the system intact.

Mr. David Tallon, tax partner at accountants Dearden, Farrow and Company, is a stern critic of the Chancellor's approach. He believes that the Inland Revenue "has totally under-estimated the compliance costs of the proposals." By throwing the burden of administration on to the employer, the Chancellor will certainly increase corporate paperwork. However, since the thrust of his approach is merely to iron out tendentious anomalies, the actual gain to the exchequer should be fairly small.

On company cars Sir Geoffrey has offered a re-run of last year's budget proposal. From April next year, tax scales will again be increased by 20 per cent, principally to take account of the higher cost of motoring. The taxable benefit of a car is assessed according to its age, size and cost. This means that the lucky recipient of a brand new Rolls-Royce will be considered to have a taxable benefit of £1,260 from next year, while the employee palmed off with an aged Mini will be assessed on a benefit of £186.

These taxable benefits jump by 50 per cent if the employee clocks up less than 2,500 miles a year. The Chancellor has increased the threshold here from 1,000 miles and the new dividing-line may prove worrisome to employees who do little except drive to the office and back.

It is of course extremely difficult for the Revenue to establish the true level of business mileage but at least one unfortunate moorist has been successfully prosecuted for *fraud* under the previous threshold. Since this change requires no coding adjustment, it will be introduced from next month.

The other proposal affecting the company car driver is the imposition of tax on the value of petrol provided by an employer for private use. The Revenue highlighted this question in its consultative paper of 1979 but the replies from accountants and employers emphasised the difficulty of ensuring compliance. The Revenue plans further consultations with interested parties and expects to introduce the proposal in April of next year.

The proposal will affect only company directors and "highly paid employees"—meaning those whose earnings exceed £8,500 per annm.

Yet the lower-paid employee without a company car is not necessarily being spared by the Chancellor's assault on anomalies. It has become increasingly common for employees to receive the benefit of a season ticket from their employer. Until now, if the employer contracted directly with the transport agency, the employee earning less than £8,500 was not generally held to be liable for tax on the benefit. The highly paid employee was already liable under existing benefit legislation.

The Chancellor has now closed this loop-hole, which had been developed with particular success by LV Travel, a joint venture between Luncheon Vouchers and London Transport. The new legislation takes effect next year.

Another recent *bete noire* of of the Revenue has been credit cards, and here again the Chancellor is proposing to tighten up. The use of company credit cards has proliferated over the past few years and, from next year, goods and services purchased by an employee at an employer's expense will be treated as a taxable benefit. In effect, the Revenue is just adding another leg to its existing legislation on this front.

Highly-paid employees are already subject to tax in most cases and the principal area of ambiguity, petrol, should be clarified in any case by the proposal on taxing private petrol as a benefit. The proposal would affect employees earnings under £8,500 but the use of company credit cards is fairly limited in this category.

Of more interest to the less well-paid is the Chancellor's decision to remove their tax liability on the benefit of medical insurance provided by employers. These premiums will still be treated as a taxable benefit for the highly paid. The change is largely political and restores the status quo which prevailed until 1976.

Claims for tax refunds

BY OUR LEGAL STAFF

FINANCE AND THE FAMILY

Following a change in my tax office I have been having difficulty in getting an appropriate return from the Inland Revenue. Is it for the Revenue automatically to repay tax credits less Investment Income Surcharge due to me, or is it for me to make a claim and leave it to them to recover Investment Income Surcharge when they see fit to process my returns?

In law, it is up to the taxpayer to make formal claims for tax refunds and/or tax credit payments due to him, while it is up to the tax inspector to make assessments to collect tax due from the taxpayer. In practice, however, tax officers make simple repayments without waiting to be formally asked.

House share for daughter

I wish to give a half share of my house to my daughter who lives with me, making her a joint tenant beneficially. It is worth £40,000 to £50,000.

It is not necessary to employ a solicitor, but it may be advisable to do so. You may, for example, want to use a more complicated form than a simple deed of gift to reduce the charge to stamp duty, as by a declaration of trust followed by the appointment of your daughter as a new trustee. You are not required to have the house valued but it may become necessary if the District Valuer considers its value to be high enough to use up more of your exemption than you are willing to agree. Once you have divested a half share future computations will be based on the then value, not on that value less the present value.

Dwelling house and CGT

I refer to your reply of November 22 last under Dwelling house and CGT. This concerned a doctor who used two rooms of his house for medical practice before retiring in 1974 and was allowed 50 per cent off the rates, lighting and heating as part of his expenses. Because he also used these rooms for ordinary domestic purposes you wrote that he was not liable to Capital Gains Tax on the sale of the house. I am in a similar position and my accountant disagrees. He states that the Revenue will not normally allow an expenditure claim on the one hand and then accept an exemption claim for CGT on the other. Could you please comment?

It is unfortunate that your accountant's bookshelf does not, apparently, include either the British Tax Encyclopedia or Simon's Taxes. If he had been able to consult either of these standard works in 1974 (or before answering your letter), he would have seen that they reflect the view expressed in our reply published on November 22. In volume E of Simon's Taxes, the point is discussed in article E4.124 (on p.729, issue 41). In the recently published third edition of Whiteman and Wheatcroft on Capital Gains Tax (a bound volume of the British Tax Encyclopedia), the point is discussed in paragraph 13-21 on p.399.

Whiteman and Wheatcroft on Capital Gains Tax (ISBN 0 421 24770 3) is generally acknowledged to be the leading work on its subject, and we would recommend any tax consultant to buy a copy; it is obtainable separately, if one does not wish to acquire the complete British Tax Encyclopedia. If your accountant had had a copy of the 1973 second edition (then called Wheatcroft and Whiteman on CGT), he would have read, in paragraph 13-10, the following comments at the foot of p.209:

Where a taxpayer claims a deduction for use of part of his private residence in computing his profits under Case I or II of Schedule D he may find that that results in a capital gains tax liability when he sells the residence. This will not be the case, however, where the taxpayer claims a deduction based on the partial use of one or more of the rooms in his house; *in such* circumstances as no part of the house has been used exclusively for the purposes of trade, etc., there would be no liability for capital gains tax on an apportioned part of the gain when he disposes of his residence.

This point is discussed in more detail in the 1980 third edition, which was published shortly after our November 22 reply was written.

Short-dated gilts and tax

In August 1979 I made my first excursion into short-dated gilts when I purchased 9½ per cent Exchequer 1981. The purchase price included 25 days accrued interest of £231.75. In March 1980 I sold this stock, the sale price including 31 days accrued interest of £287.36.
My Inspector of Taxes is asking me questions about this transaction, the purpose of which is a bit above my head. Could you please advise me if the accrued interest affects my Income Tax in any way. Secondly, does one strip off the accrued interest before working out the CGT?

Presumably, your tax inspector is considering whether you are vulnerable to assessment to income tax (excess liability) under section 30 of the Taxes Act, as outlined in the replies published on September 27, "Systematic tax avoidance," and January 10, "Buying cum and selling ex" (which should have read "Buying ex and selling cum"). As you apparently bought cum on August 28, 1979, and sold cum on March 5, 1980, it is unlikely that section 30 holds any terrors for you.

No, the accrued-interest adjustments are not stripped off before calculating your chargeable gain for CGT purposes. They are merely an element in computing the consideration to be paid by the purchaser, as a result of the way in which the prices of short-dated gilts are quoted in The Stock Exchange Daily Official List:

The amount payable by the purchaser is the bargain price plus an amount equal to the gross interest accrued to the date for which the bargain was done, or, in the case of transactions done ex interest, *minus* an amount equal to the gross interest accruing from the date for which the bargain was done to the interest payment date.

The accrued-interest adjustments are not actually interest, therefore, and consequently they do not affect your income tax position. This has recently been confirmed by the Courts, in Schaffer v Cattermole (Inspector of Taxes).

Alterations and VAT

I am considering installing gas fired central heating for which I intend to purchase the hardware from local merchants and then employ a friend to install it for me. Would I be correct in assuming from your reply under alterations and VAT (January 24) that I should be able to require the hardware (i.e., radiators, boilers, etc.) to be supplied with no charge to VAT?

The cost to you of acquiring radiators and boilers for the installation of gas central heating will not be zero rated for VAT purposes. Such purchases would not be zero rated if they were acquired from a person registered for VAT who is going to install the equipment in your home.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

YOUR SAVINGS AND INVESTMENTS—2

BUDGET

BRIEFING

The increases in direct and indirect taxation will leave almost everyone less well off. **Tim Dickson** examines the effect on families at different income levels

The vanishing wage packet

INCOME TAX was effectively raised this week. By failing to index rate bands and personal allowances—the amount everybody can subtract from their earnings before assessment—the Chancellor is planning to take an extra £2½bn out of our wage packets in the next financial year.

The Finance Act of 1980—thanks to the famous Rooker/Wise amendment — provided that income tax rate bands and personal allowances should be adjusted each year in line with inflation, unless Parliament decides to the contrary. Since the Retail Prices Index (RPI) has risen some 15.1 per cent during the period in question, Sir Geoffrey's decision not to implement the formula means we will all start to pay tax at a lower threshold in real terms.

Nor do the elderly escape—age allowance is unchanged—and those living on investment income will have to put up with the same investment income surcharge threshold for another 12 months.

The burden of taxation, of course, is not confined to income tax. National Insurance contributions—particularly following the row in Parliament last November—are widely seen to be a direct levy on earnings while indirect taxes, which increase the cost of cigarettes, drink and petrol, inevitably leave less in the kitty for other expenses.

The accompanying tables are an attempt to show the effect of Government policy on four different individuals and family units. They show the combined consequences of the direct and indirect tax changes this week, the rise in National Insurance contributions due after April 5, the rise in child benefit from £4.75 per week per child to £5.25p, and the one point fall in the building society mortgage rate announced yesterday.

Inevitably they make a number of assumptions which are discussed in relation to each unit below. Pay rises for example, are obviously arbitrary and will vary according to individual circumstances and, dare one say it, bargaining power.

Where mortgage relief forms part of the calculations we have, for simplicity, assumed that repayment is via a life insurance policy. It is worth pointing out, moreover, that life assurance premium relief will fall from its present 17½ per cent to 15 per cent on April 5 and net premiums paid by policy holders will therefore rise. Equitable Life suggest that the married man with a £25,000 mortgage (call him 40) will only be paying about another £12 next year if he started the policy at age 35.

Then there is the mortgage rate. We have not estimated an average for 1980-81, simply settling for the 13 per cent basic rate announced by the Building Societies Association yesterday. With interest rates generally expected to fall further this year there is clearly considerable hope here for all who own their own home.

National Insurance is fairly straightforward. As the tables show the rates will rise from April 5 by considerably more than inflation, reflecting the Chancellor's view that those in work should support those less fortunate. Up to the lower limit of £27 a week, all employees (both those contracted out of the state pension scheme and those contracted in) will soon pay 7¾ per cent of gross earnings. Between £27 and the new upper limit of £200 those contracted in will continue to pay 7¾ per cent and those contracted out will pay 5¼ per cent.

The most contentious items in the tables are probably the indirect ones (cigarettes, drink, petrol), as shown under "Extra Duty" for next year. Calculations for the single person and the £12,000-a-year man with one child are roughly based on the Family Expenditure Survey of 1979, which was published last year. This shows the average spending per week on a wide range of capital and consumer goods by different household categories where the family income is less than around £10,000.

Estimates for the £18,000 and £35,000 men are our own but can easily be adjusted individually. In case you have forgotten, cigarettes have gone up 14p per packet of Kingsize, beer is on average 4p dearer per pint, petrol is 20p more, whisky is an extra 60p, while sherries and wines will be marked up 25p and 12p respectively.

Single person on £5,000. We have given him a 6 per cent rise in earnings next year but this could be halved in money terms by the Budget and the rise in National Insurance contributions. The FES suggests he may dream about zero inflation with the help of a weekly ration of 2¼ packets of cigarettes, five pints of beer, half a bottle of whisky and three gallons of petrol.

Married Man on £12,000. He comes off best from our arbitrary pay awards with a 10 per cent rise and ends up 9 per cent better off in money terms. Escaping more than one tax band also helps. We have assumed that his mortgage rate is now 13 per cent (previously 14).

Married man on £18,000. Faced with the choice of a wage freeze or redundancy, he has opted for the former with inevitably dire consequences for his real income. Mortgage rate 15 per cent (previously 16 per cent). He smokes 20 a day, drinks half a bottle of whisky a week and four pints of beer and restricts himself to seven gallons of petrol.

Married man on £35,000. Almost certainly another sufferer in real terms after taking a 6 per cent pay rise to set an example to the rest of the company. The effect of paying top rate tax—none of the bands are indexed—is obviously painful though his now small mortgage is less of a worry. Concerned by the prospect of a dividend cut, he likes to knock back a bottle of gin each week (his wife keeps him company with half a bottle of sherry) besides buying 15 gallons of private petrol for fear of Inland Revenue spies.

Single person on £5,000. No mortgage.

	This year £	Next year £
Gross income	5,000	5,300 (+6%)
S.P.A.	1,375	1,375
Taxable income	3,735	3,925
Tax at 30%	1,121	1,178
National ins.	338	412
Extra duty		75
Disposable inc.	3,541	3,635 (+3%)

* No change.

Married man on £12,000. Mortgage £15,000. 1 child.

	This year £	Next year £
Gross income	12,000	13,200 (+10%)
M.I.R.	2,250	2,100
M.M.A.	2,145	2,145
Taxable income	7,605	8,955
Tax at 30%	2,281	2,686
National ins.	394	581
Extra duty		128
	7,075	7,705
C.B.	247	273
Disposable inc.	7,322	7,978 (+9%)

Married man on £18,000. Mortgage £25,000. 2 children.

	This year £	Next year £
Gross income	18,000	18,000*
M.I.R.	4,000	3,750
M.M.A.	2,145	2,145
Taxable income	11,855	12,105
Tax at 30-40%	3,617	3,717
National ins.	394	581
Extra duty		160
	9,989	9,792
C.B.	494	546
Disposable inc.	10,483	10,338 (−1%)

* No change.

Married man on £35,000. Mortgage £10,000. No children.

	This year £	Next year £
Gross income	35,000	37,100 (+6%)
M.I.R.	1,400	1,300
M.M.A.	2,145	2,145
Taxable income	31,455	33,655
Tax at 30-60%	13,727	15,047
National ins.	394	581
Extra duty		229
Disposable inc.	19,479	19,943 (+2%)

M.I.R.=Mortgage interest relief. M.M.A.=Married man's allowance. S.P.A.=Single person's allowance. C.B.=Child benefit.

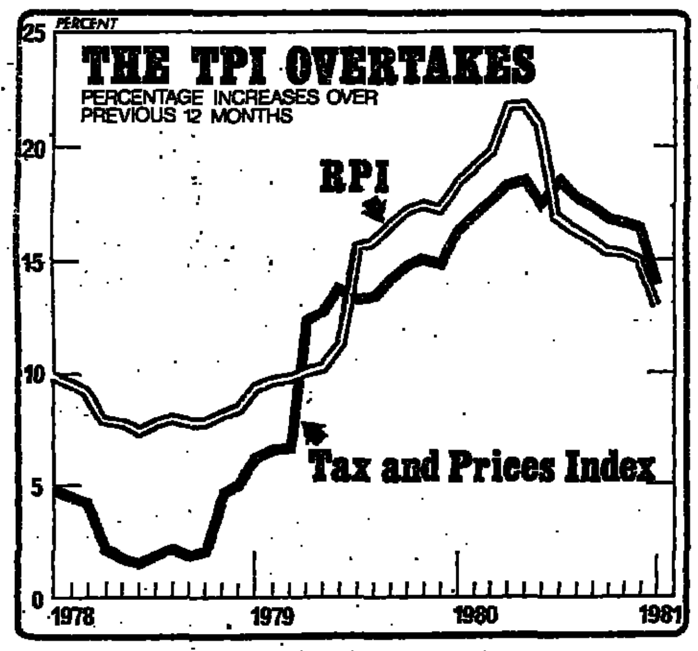
Blushes in the corridors of power . . .

THIS CHART may cause a few blushes in the corridors of power. It shows year on year changes in the Retail Prices Index (RPI) beside simultaneous changes in the Tax and Prices Index (TPI), a measure for inflation introduced by the Government shortly after it came to power in May 1979.

The idea of TPI was to show that while prices might be racing ahead, the offsetting income tax cuts which formed part of the Tories' manifesto commitment left us better off than we might otherwise have been led to believe.

With RPI now heading firmly downwards on a 12-month basis, references to the once-loved TPI are notable by their absence. Apart from a brief blemish around the time of the election (nobody knew about it then anyway) everything went according to plan for the Government until the middle of last year—then the big increase in Value Added Tax started working its way out of the system while further hoped-for tax cuts failed to materialise.

TPI for February, due next week, is unlikely to show a dramatic change and Budget developments are hardly likely to make it look more attractive in the months ahead.



Change of perspective for transfer tax

THE Capital Transfer Tax changes in this and the previous Budgets go far to reverse the *trend to a more even distribution* of wealth which has been a notable feature of the twentieth century.

Research confirms that inheritance is the most important source of inequality in wealth distribution. CTT was therefore the *main instrument chosen by* Mr. Healey for his "determined attack on the maldistribution of wealth in Britain." It was intended to make good the deficiencies of the estate duty it superseded. Apart from more sophisticated devices, estate duty could be completely avoided by the simple expedient of giving one's property away and living for another seven years. For the ease with which it *could* be circumvented, estate duty became known as "the voluntary tax" or, as the cynics put it, a tax paid only by those who disliked the Inland Revenue less than they disliked their heirs.

CTT was to be made effective by integrating a tax on life time gifts with tax on death. The original intention, as proclaimed in the 1974 White Paper, was that life time gifts and property left at death should be treated exactly on a par. Apart from a modest annual exemption and a small gift exemption, life time gifts would attract the same tax rates as gifts at death and, to *determine the rate of tax applicable*, gifts would be cumulated with earlier gifts and lifetime gifts with property at death. Whenever the transfer, the same total tax would be paid.

Mr. Healey himself retreated somewhat from this principle by conceding a reduced scale for lifetime gifts below £310,000. That apart, the principle remained intact though Mr. Healey successively reduced the severity of the tax. From the start CT included a major new relief by allowing free transfers between husband and wife. Subsequently Mr. Healey introduced generous concessions for full time working farmers and business property. He also raised the threshold from £15,000 to £25,000.

If Mr. Healey retreated from equality, Sir Geoffrey Howe has advanced boldly towards inequality. Last year he doubled the threshold to £50,000. A married couple can now pass £100,000 to a child completely tax free, apart from any use of the annual exemption, now raised to £3,000.

YIELD OF DEATH AND GIFT TAXES 1972-82

Year	£m	Per cent of central government revenue from taxation*	Per cent of GDP at factor cost
1972	482	2.52	0.87
1974	379	1.41	0.51
1976	390	0.97	0.35
1978	372	0.73	0.26
1979	418	0.68	0.26
1980-81	415†	0.55†	0.22†
1981-82	445†	0.51†	0.22†

* Includes national insurance contributions.
† Estimate.

This year the Chancellor has reduced the rates of tax paid on lifetime gifts above £110,000. At that figure the rate for the top band will behalf that at death and will rise to a peak of two-thirds the rate on death. Thus gifts over £2,010,000 will now pay o top marginal rate of 50 per cent as compared with 75 per cent on death and, hitherto on gifts.

Sir Geoffrey *has* also cut the cumulation period to ten years. This change undermines the whole principle behind lifetime cumulation and goes some way *to resurrecting the worst* features of estate duty.

CAPITAL TAXATION

CEDRIC SANDFORD

The new provision can generate sever inequity. Suppose two men, each aged 40, make a large gift to their children. One survives to age 70. At his death the gift he made 30 years before is ignored in determining the tax on his estate. The other dies at age 45. Because he has nto survived ten yaers, the gift is aggregated with his estate to determine the rate of tax on it. Yet it is the family whose breadwinner dies early which needs the more favourable tax treatment.

Again, the ten-year provision introduces a gamble of a most iniquitous sort, a kind of State-created lottery with life, with very high stakes. Any specified period *of years for* cumulation must have an arbitrary effect, some unfortunates falling just the wrong side of the dividing line.

No doubt before long, lugubrious stories will be circulating, such as those associated with the seven-year *inter vivos* provision under estate duty, of the old man who expires so many hours short of ten years after making a gift and whose relatives use the freezer before calling the doctor to certify time of death.

The ten-year period of cumulation favours those who acquire wealth early and can therefore pass it on early. This generally benefits the recipients of gifts and legacies as against those who have built up their own wealth over a lifetime. A rich couple, able to make gifts early, can now pass £100,000 to a child every ten years tax free. [In between, by using the annual exemption, they can pass on a further £6,000.]

Some examples illustrate the effects of the changes. On a first gift of £160,000 tax of £500 will be saved; on one of £510,000 the sax saving will be £71,750 and on £2,010,000 the saving will reach £446,750. Further big savings may be made at death. Thus if the £510,900 was an only gift and the donor survived for ten years and left an estate of £1,000,000 the new dispensation on cumulation would give a tax saving of £135,000.

The new relief for agricultural landlords in the Budget also benefits mainly the rich, often the very rich. [They can henceforth claim a 20 per cent reduction for CTT purposes in the value of let agricultural land transferred by lifetime gift or at death].

The effects of the successive *easements in* CTT will only gradually appear in the statistics of wealth distribution; but, the short-term change is shown dramatically in declining yields (see table). Despite inflation, the current yield of CTT is less than the revenues from estate *duty in 1972*. Expressed as a percentage of GDP the revenue from death and gift taxes is barely one quarter that of a decade ago, and the contribution to tax revenue is barely a fifth of what it was then. So much for equality!

YOUR SAVINGS AND INVESTMENTS—3

BUDGET

BRIEFING

The age qualification for buying index-linked bonds has been reduced to 50. **Tim Dickson** looks at how they compare with other investments

Grannies get younger

ABOUT 6.75m people became "grannies" this week. That is the number of additional men and women now eligible to buy £3,000 each of the 2nd Index Linked National Savings Certificates following the reduction in the age qualification from 60 to 50.

The Chancellor's decision to introduce inflation proofing to a much wider range of savers is highly significant.

From April 6 "granny bonds" will go on sale to large numbers of working people planning for retirement. Like the first issue, the new index linked certificates are revalued in line with the Retail Price Index but while they can be cashed in to receive this benefit after one year, they do not produce a regular income. That, according to many observers is why they have not always been popular with the over 60s. Those in their 50s, on the other hand, are more likely to welcome an opportunity to set aside a sizeable capital sum fully protected against the cost of living.

The Chancellor, of course, is widening the net at a time when inflation is falling fast. The Government's optimism about prices, however, is not universally shared as long bond yields of more than 13 per cent still illustrate. A feature of Tuesday's announcement was the reinstatement of a "minimum" 4 per cent bonus on the original investment after 5 years.

Looking at the table, the National Savings Bank Investment account is still head and shoulders above the rest. Sir Geoffrey said on Tuesday, however, that the return will definitely be reduced from May 1 but by how much still remains a secret. As widely predicted building societies have cut their ordinary share rate by ¾ of a point but are still comfortably more competitive than banks.

If you are in the business of borrowing money overdrafts now cost roughly 15-17 per cent, personal loans around 18.8 per cent, credit on credit cards 26.8 per cent and mortgages a minimum of 13 per cent (14 per cent from Barclays if the loan is under £30,000).

'They won't tempt me unless I can buy them under an assumed name'

	Your tax rates Nil	30	45	75
VARIABLE RATES				
BUILDING SOCIETIES‡				
Ordinary shares	8.5	8.5	6.68	3.04
Term: 2 years	9	9	7.07	3.21
3 years	9.4	9.5	7.46	3.39
4 years	10	10	7.86	3.57
BANKS				
7-day deposits	9	6.3	4.05	2.25
7-day dollar deposit*	12.75	8.93	7.01	3.19
NATIONAL SAVINGS				
Investment Acc.	15	10.5	8.25	3.75
FIXED RATES				
BANKS				
3 and 6 months†	9.5	6.65	4.95	2.25
LOCAL AUTHORITIES				
Yearling bond	12.25	8.58	6.74	3.06
Two years	13	9.1	7.15	3.25
Three years	13.25	9.28	7.29	3.31
Four years	13	9.1	7.15	3.25
NATIONAL SAVINGS				
19th issue (5 years)	10.33	10.33	10.33	10.33

* Nat. West £1,000 equivalent. † Barclays rates. ‡ BSA recommended rates.

A boost for small businesses

BY THE time the current Companies Bill reaches the Statute Book, limited companies, both public and private, will be allowed to do something they have never been able to do before. The clauses which the Government tabled last week for the Bill's Committee stage in the House of Lords will permit companies to buy their own shares.

The moves that the Government is proposing seek to overturn a long established legal tenet in this country—enshrined in the case of *Trevor v Whitworth* (1887)—that a limited company may not buy its own shares because this would amount to an unauthorised reduction of capital.

There has been only one major exception to this general rule and that, encoded under Section 58 of the Companies Act 1948, enabled companies to issue redeemable *preference* shares.

The clauses which have now been tabled will allow a company to issue redeemable *equity* shares and, moreover, will permit companies to redeem or repurchase ordinary shares out of capital in circumstances where distributable profits and the proceeds of any fresh issue are not sufficient.

There has obviously been a seachange in official thinking to consider the change of such deeply-held views. The Jenkins Committee concluded in 1962 that "we have received no evidence that British companies need this power

Attitudes, however, have been changing over the past two decades. The Interim Report on the Financing of Small Firms, prepared by the Wilson Committee, found for example that consideration should be given to small firms to issue redeemable equity shares as a means of enabling them to raise needed capital without parting permanently with family control.

The Association of Independent Businesses in its representations to the Department of Trade pointed out that a shareholder needing to sell all or part of his equity in a small, unlisted company may be unable to find a buyer, other than perhaps a financial institution or public company and this is one of the factors leading to an excessive concentration of industry and commerce.

The Association argued further that if a company were permitted to buy its own shares a greater number of unlisted independent companies would be able to continue in separate existence and that additional investment in them would be encouraged.

That, in essence, forms the basis of the Government's approach to company share repurchases.

Taxation, nevertheless, is the nut which the Government has yet to crack for the small or family business. Tax law, as it stands, differentiates between the sale of shares to another shareholder and the sale of shares to the company itself. In the first instance, ownership of the company changes hands but no payment is made from distributable reserves. The vendor is liable to Capital Gains Tax. If the company buys shares from a shareholder, ownership does not alter but the transaction entails a payment from the company's distributable reserves which, first, makes the company liable to Advance Corporation Tax, as if it were paying a dividend, and also makes the shareholder liable to income tax.

The Chancellor, referred to the need for "corresponding changes in the present tax structure" in his Budget Speech and instructed the Inland Revenue to prepare a Green Paper.

The paper will be very much a consultative document, designed to ventilate the issues, but it seems quite possible that the Revenue will accept that share repurchase is philosophically in line with demerger for which the tax charge was considerably eased under the 1980 Finance Act.

It is essential in the case of payment from capital that the interests not just of members, but of creditors, should be safeguarded. To this end, the addition to the Companies Bill requiries the directors of a company to make a statutory declaration that the business can pay all its bills during the coming financial year and that it can continue as a going concern throughout that period. The company's auditors are to present an accompanying report.

In an attempt to deflect the threat of insider trading, the new clauses require a company to deliver to the Registrar particulars of purchases of its own shares and to retain for inspection any contracts of purchase for 10 years. Any such capital reduction must be approved by a meeting of shareholders whether the transaction takes place on the Stock Exchange, the Unlisted Securities Market or off-market. Within a week of the resolution passed at the shareholders' meeting, details of the proposed transaction must be published in the Gazette. All shares purchased by the company will be cancelled, the Department of Trade having taken Professor Gower's advice that the retention of these "Treasury shares" which the company could re-sell would court accounting and other problems.

However the entire Bill fares during its remaining readings, it does seem possible that the principle of share re-purchase and redemption has been accepted.

Ray Maughan

Tiptoe through the jungle

TAX LOOPHOLES

DAVID WAINMAN

LOOPHOLE is a curious description to apply to the mined and booby trapped jungle out of which the Vesteys tiptoed to tax freedom and publicity.

The Chancellor did not himself use the words in his Budget speech on Tuesday. He said merely that one pre-war anti-avoidance measure required to be brought up to date and that he was proposing changes in these complex and technical rules to take effect from the date of his speech, March 10, 1981.

Section 478 Income and Corporation Taxes Act 1970 is where the pre-war provision (dating originally from 1936) is at present to be found. A rudimentary knowledge of fiscal history helps to understand what it was intended to achieve.

Surtax was then the impost which equates to what we now know as the higher rates of income tax and the "investment income surcharge." There had earlier been a time, before 1922, when the wealthy could create a tax-saving trust in which their income was to be accumulated—for the eventual benefit of themselves rather than anyone else. Merely diverting the legal ownership of the income in this way was then enough to remove it from surtax liability—trustees themselves could not be assessed for that tax.

The way in which that form of tax avoidance was eradicated was the 1922 provision which effectively made the trust "transparent"—saying that if the settlor was himself the eventual beneficiary, then the trustees' income was throughout to be treated as his, and surtaxed accordingly.

Had both the trustees, and the investments they held, been located overseas, the income arising from those investments would have escaped income tax as well as surtax: no UK tax assessment could have been made on trustees outside the geographical scope of UK taxes, and the income they received would not itself have been subject to deduction of UK tax at source.

Foreign trusts, or other similar entities abroad, which were just outside the definition of transparency but to which a UK resident could divert his income-producing assets, had therefore become a major cause for the Revenue's concern by 1936. What is now S.478 was enacted that year, and it was subsequently strengthened in 1938, 1939 and 1969.

Over-simplifying its terms, it applies where a UK taxpayer transfers assets so that income becomes payable to "persons resident or domiciled out of the UK." If a UK taxpayer obtains as a result "power to enjoy income of" some foreigner (as defined above), or he obtains "capital sums" which are connected with the transfer, the section catches him.

The House of Lords decided in 1948 in the Congreve case that the UK taxpayer making the transfer, and the one enjoying income or capital did not necessarily have to be the same. It was said then, and later agreed by the 1956 Royal Commission on Taxation, that the section would have been too easy to avoid had it been restricted to assessing only the transferor.

But it was the section's catching mechanism which the House of Lords unanimously rejected in the Vestey case, saying that it was an intolerable form of fiscal overkill. The section spells out that any UK taxpayer who receives any "capital sum" thereupon becomes liable to tax on a sum equal to the whole of the foreigner's income in each and every subsequent year "until death brings a merciful release."

The Revenue said that, by concession, they would not assess the income seven times over in the hands of the seven Vestey relatives who had received capital. But the Law Lords could not accept that the law could ever had been enacted had it meant what was now claimed.

Since the words of the statute are quite clear, the only way their Lordships could achieve a tolerable result was to say that they must have been wrong in the Congreve case. The section could only be reasonably interpreted if it were restricted to assessing the transferor himself, and not any other beneficiaries.

The Vesteys did not pay the tax the Revenue were demanding. But it is not a proper use of the English language to describe as "exploitation of a loophole" the way in which House of Lords unhooked them from an insufferable liability.

A rival to Granny

PENSIONS

ERIC SHORT

THE PENSIONS industry has been asking for index-linked securities for many years now, ever since inflation started to outpace investment returns. This week the Chancellor gave them what they want with the first index-linked gilt—the 2 per cent Index-Linked Treasury stock 1996.

Interest and capital repayment are linked to the Retail Price Index. But it is only available to bona fide pension funds and life companies and friendly societies doing pensions business. The funds have to tender for the issue. Thereafter the stock will be dealt with on the Stock Exchange.

Individuals wanting a slice of this action must therefore do it through their pension arrangements. The self-employed are being offered the opportunity by Vanbrugh Life, a member of the Prudential Corporation. It is launching the Index-Linked Gilt Fund from March 31, to go alongside its existing pension funds for self-employed.

Charges for this fund are the same as for other funds. The unit price will reflect reinvested income plus the capital movements of the stock. Investors can switch into this fund from other funds.

Before they rush to do so, however, they need to consider one very important factor. No one knows what funds will have to pay for the new stock. It is being put up for tender and the trading price on the market will depend on demand. At the moment it looks as though this demand will be strong—a price of £110 per £100 stock is forecast.

Vanbrugh is certainly quick off the mark, but its attitude arguably seems a little odd. Only last year it was advertising regular savings plans for individual investors, linked to three funds — property, equity and managed — which had all outperformed the index-linked SAYE over five years. These funds, moreover, pay tax.

Vanbrugh does not give direct advice to clients. It deals only through insurance brokers and other intermediaries. The company's broker's circular will just state that the fund is now available and explain how it works. There will not be a specific recommendation. The company regard the index fund as another from which investors can choose.

The attractions of this fund will depend on investors' views on future inflation rates. But it may pay to wait until this new market has settled down. Investors can always switch later.

Skandia Life already offers a PRI fund, with the fund's growth guaranteed to rise at least in line with price inflation. The company invests in index-linked private and commercial mortgages, though it is not yet prepared to consider including this gilt in its portfolio. To start with, it will cut back the yield.

Touch of tolerance

SOCIAL SECURITY

ERIC SHORT

THE SOCIAL Security system is always a target for the Government's tight monetary policy, and this time was no exception. Old age and widows' pensions, sickness and unemployment benefits are getting only a 9 per cent increase from November, just enough, with last year's overpayment, to keep the value in line with expected inflation.

Thus a single person on basic pension only gets a £2.45 increase to £29.60 a week and a married couple a £3.90 rise to £47.35 a week. Pensions are now lagging behind the rise in earnings of the working population, and the elderly have good reason to feel let down by this Government. The Labour Government linked old age pensions with earnings, a link which the present Government broke. Had that link still applied a married couple pension would have been £49.40 a week.

The Chancellor added to the grievance of the elderly and the widowed by keeping tax allowances unchanged, resulting for the first time in certain beneficiaries being liable for tax on their pension. The age allowance, however, remains above the state pension.

Long term benefits are in theory subject to tax, but in practice the pension benefits have been low enough to keep under tax thresholds. But for the coming year 1981/82, widows over 50 and single women pensioners under 65 will receive in total the sum of £1,458, while their tax allowance remains at £1,375. So these women are due to pay £24.90 in tax—30 per cent of £83.

The Revenue, however, will not ask these beneficiaries for the tax. It is applying what is called "Tolerance", which enables the Revenue to waive collecting small sums of tax. A virtue out of necessity.

Women receiving a company pension or widows receiving a pension from their husband's employer will be paying tax on their State pensions, since this will come off the company pension—the total tax liability is determined taking into account all sources of income.

Sir Geoffrey's main blow to the system takes place in three weeks time when the new National Insurance contributions come into force. People in employment will be paying 1 per cent point more on an earning ceiling that has been lifted by almost the maximum possible.

This thinly disguised social security tax means that an employee earning £200 or more will pay £15.50 a week (£4.36 more) if he is contracted-in and £11.17 (£3.59 extra) if contracted out. These new rates, announced by Sir Geoffrey in last November's mini-Budget, will cost employees an extra £1.44bn and employers £971m.

SWIMMING POOLS

Improvements to pools and their equipment, and even underwater stereo, have made the idea of building a pool a tempting one for more and more people. Besides the obvious benefits of swimming there are specialist pools for hydrotherapy and others simply for lounging in.

Need for knowhow and a keen eye

BY JAYNE GARDNER

THE PRESENT economic climate is posing problems for many industries, and manufacturers and retailers of non-essentials might, you may think, be suffering more than most. Surprisingly in the case of swimming pools this is not so.

The many retail outlets for British-made and imported pool equipment are keeping their heads well above water. But with an increasing number of pool products coming on to the market, buyers need both a discerning eye and a certain amount of technological know-how.

No precise figures of swimming pool building are kept in the UK but it is generally believed that 8,000 to 10,000 are built every year. This excludes municipal pools but includes private, hotel and school installations.

The Swimming Pools and Allied Trades Association (SPATA) based in Caterham, Surrey, is the body to which many pool retailers belong.

Pools used to be a luxury which only the wealthy could comfortably afford. But with the advent of DIY kits, the cost of building one can equal the cost of an average family car.

The most popular size of DIY pool measures 30 ft by 15 ft, but sizes generally range from about 20 by 10 ft to 40 by 20 ft.

DIY kits usually cost between £1,000 and £2,000, depending on their complexity and often include a filtration system, pipework, liner, plastic coping, sump and skimmer.

The cost of the necessary building work—for example digging out the site—would make the total outlay about £4,000 at today's prices.

Liner pools, based on the principle of a PVC lining material around the dug-out pool basin, are particularly appropriate for DIY pool building. The materials involved are light and easy to handle, while the PVC lining, of necessity all one piece, speeds up building time.

Some manufacturers and retailers believe that concrete pools are more durable and one of the various types of concrete structures available can be assembled on a DIY basis. With this method, concrete is poured over the pool floor and hollow, concrete blocks are used for the pool walls.

Aquatech Marketing, based in Berkshire, claims to have designed an entirely new system of DIY pool building, using plastic interlocking hollow blocks into which concrete is poured. The product is one of the latest ideas on the market, released only in December, and is likely to attract considerable interest among DIY enthusiasts this year.

Attractive

DIY can at least halve the cost of pool installation and presents an attractive prospect for those who want to save money. But some experts in the business believe that the work involved is far from simple. Mr. Adrian Rolt, a director of Rainbow Pools, claims: "You need a fair amount of technical knowledge to build your own swimming pool."

Shockcrete or Gunite concrete pools, where sand, cement and concrete is sprayed on to the pool walls through a pipe by compressed air, provides the most durable structures. Neither of these two types of pool can be built on a DIY basis.

Rainbow Pools does not sell DIY kits. "A concrete pool moves as a whole if the ground moves during, for example, a period of drought," Mr. Rolt explains. "Also, liners may discolour." A pool large enough for swimming, built on a non-DIY basis, could cost in the region of £10,000 but retailers such as Rainbow are still finding a market even in the recession.

In general, those in the industry explain this surprising fact as follows:

In an age of increasing leisure, people are prepared to spend more on leisure activities. Second, they are increasingly conscious about their health and look to sport to help them stay healthy.

Besides offering customers the obvious benefits of swimming, the pool industry has come up with an array of hydrojets for hydrotherapy. Penguin Pools has even designed therapy pools for dogs and horses which, the company says are proving immensely popular.

Third, many see the addition of a swimming pool to their home as an important investment, adding considerably to the overall value of the property.

Mr. Rolt points to the changing attitude of property owners to pools. "A swimming pool used to be something built in the corner of the garden. Now it is often considered to be the main focal point in the garden." His preference for concrete pools is important in this context. "In concrete you can dream up any shape you want."

A structural engineer or consultant is on hand at most retailers to offer a design and build service. The customer may suggest a pool shape to the engineer and, between them, a practical yet pleasing design is produced.

While some are intent on making the pool an aesthetic addition to the landscape, others are carrying out the same principle indoors.

Rainbow Pools, among other companies, specialises in using space to the maximum advantage in cities, where gardens may be too small for a pool to be installed. For example, the company prides itself on being able to accommodate pools in basements or quite small rooms

A pool can be designed as a focal point in a garden and the engineer will build to a shape chosen by the customer

and, with plants, tiles and other appropriate decorations, the pool room becomes an attractive and popular feature of the house. For a larger indoor pool, it is also possible to instal glass sides.

Retailers and manufacturers have turned their attention to overcoming the vagaries of British weather to lengthen the swimming season from the normal May to September period and consequently, to boost trade. But pool buyers should be able to select the heating system to suit their needs.

Developments in solar heating have helped. One of the simplest such innovations is a bubbly plastic sheet, with each bubble containing air. The sheet is drawn over the pool surface and even without direct sunlight, the sun's heat passes through the translucent surface to heat the water.

At about 26p per sq ft, the strong but lightweight material is marketed under various names—Solarcover pool blanket is one—and also helps to stop evaporation.

More complex—and most would rightly argue more efficient in heating terms—is a system of solar panels. Various systems are available. Robinsons Developments of Winchester market unglazed solar pool panels made from tough plastic (such as polypropylene) to avoid corrosion from chlorinated pool water. The system can be directly connected to the filtration system keeping installation costs down.

The manufacturers claim this system of solar panels will maintain an outdoor pool at a comfortable swimming temperature in summer without back-up heating devices. Compared with gas heating costs, the solar panels system should pay for itself in less than five years in saved energy costs, and against oil costs, the pay-back period could be as low as three years, it is claimed.

Vital

Some experts in the industry argue that the efficiency of solar heating depends on the size—or surface area—of the pool. The larger the surface area, the more appropriate the pool for solar heating systems. Heat pumps—either designed specifically for swimming pools or as adaptations to the heating system of the house—are considered by many to be vital for providing a comfortable swimming temperature and lengthening the British swimming season.

Environheat of Northampton has recently launched a Superheat 2000 heat pump which produces about five units of free energy for each unit of power used. The pump takes the heat from the ambient air and converts this energy to heat for the pool. Calorex heaters operate in a similar way and one of that company's heaters recently won an energy-saving award.

Other heaters on the market include Blue Ripple heaters (used by Penguin Pools, Heatsar and Raypack. Heatsar claims that by using electricity for the recovery of heat from the air, the heat pump gives a fuel source which is effectively 450 per cent efficient and also stresses savings in energy costs.

Another device on the market to lengthen the swimming season is a pool dome, which is a frameless construction supported by air which covers the pool, effectively making an outdoor pool into an indoor one. The fabric is usually vinyl with algae-resistant qualities.

A blower system inflates the dome in 10-20 minutes, and the entire structure packs away for storage. It is marketed under various names, among them Sundome and Pooldome.

Those in the swimming pool industry look back on the last few years as a period which has seen the reliance on imported products and technology gradually decreasing. Previously, there was an almost total reliance on U.S. imports but although that reliance continues, it has diminished considerably.

Britain is now catching up in terms of heat pump technology and at last a "home grown" pool industry appears to be establishing itself, to the benefit of Britain's back garden swimmers.

Wide range of accessories

MODERN TECHNOLOGY has lifted swimming from being merely an enjoyable sporting activity to an aesthetic experience — or so retailers would have us believe.

There are many gadgets on the market to support their claim.

For example, underwater stereo music—which several manufacturers can provide—can be installed in pools, while underwater coloured lights can make the pool an attractive feature of the garden at night, and bring obvious security advantages too.

Several companies offer a wide range of underwater floodlighting systems — including those suitable for concrete pools and modified lights for liner pools.

Fountains, hydrojets providing currents to swim against and whirlpools can also greatly enhance the appearance and enjoyment of swimming pools. Some of the most popular types are made by Jetstream — using a self-priming pump for pools both above and in the ground —and whirlpool spas by Jacuzzi for whom Rainbow Pools is a main UK retailer.

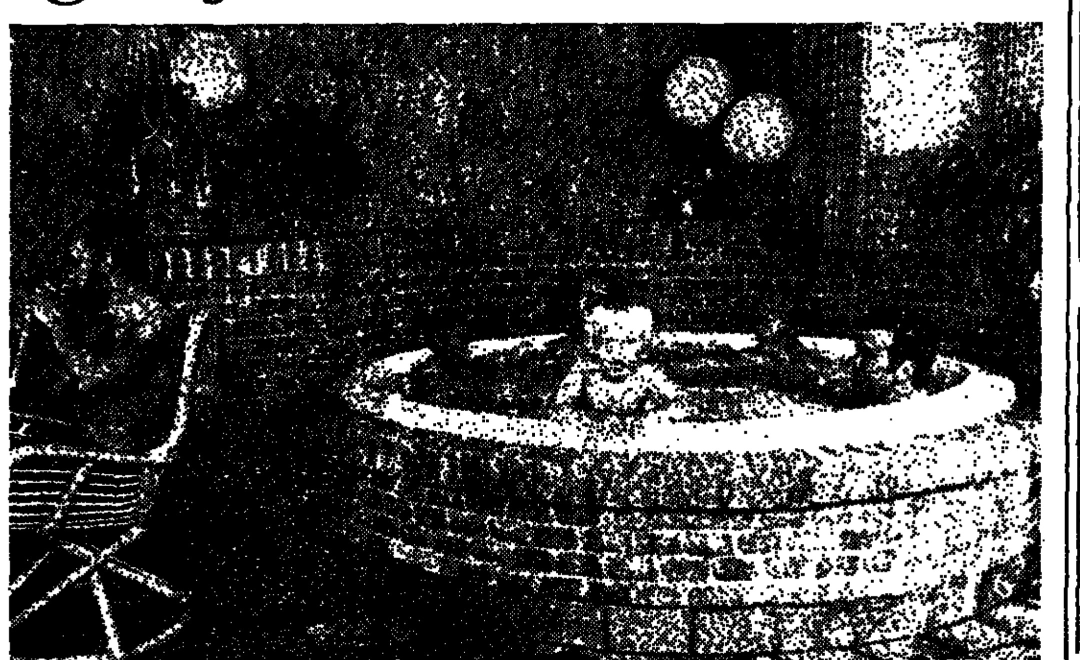
In the case of other pool equipment — steps, diving boards and slides, for example —glass fibre, acrylic, aluminium and stainless steel are gradually replacing wood and ordinary metal fittings, offering the advantages of light weight and durability. Most swimming pool retailers have a good backup range of such pool equipment.

Some designers have made use of the Roman idea of steps leading into the pool to provide modern elegance. Glassfibre steps can be incorporated into the structure as a main feature, not just to provide a means of entering the water. Mouldings imitate the style of Roman baths and ornamental pools.

Simplest

But the effect of these accessories can be greatly diminished unless careful thought is given to the finish of the pool basin itself. Ideally, those wanting their own pool are after something that will not only look good, but last too, and three basic types of finish are available. Painted concrete is the simplest and cheapest method. A blue PVC lining material is also on the market but there is a danger here that any unevenness in the way the lining material is laid will result in cracking.

By far the best finish is provided by ceramic or vitreous



Spa baths like this one offer fun for the family as well as hydrotherapy — relaxation provided by a system of water jets

glass tiles, which are mostly imported from Italy. But this professional finish to the pool is not cheap. It costs an extra £3,000 to tile an average-sized pool in this way.

A pool-buyer could well be confused by the array of labour-saving maintenance gadgets which have come on to the market. Systematic maintenance is vital for both indoor and outdoor pools but need not be time-consuming or costly.

Vacuum sets—such as the Polaris Vac-sweep or Cercol sets—remove debris easily from the water and prices range upwards from the £30 mark. A leaf net is a useful part of a pool maintenance kit. But a reliable filtration system is the key to cutting the time spent on manual pool maintenance.

Some of the most popular and cost-effective systems on the market are sand filters. Most have filter and back wash operations, while a rinse position eliminates the possibility of pool stains caused by suspended particles after the back-wash operation.

Swimming pool chemicals are being developed rapidly, with more and more products entering the market. The chemicals serve two main purposes: to control bacteria and algae growth and to maintain the correct pH level (acid and alkali) in the water.

Many chemicals available now do not cause eye irritation. For example, the Aquabrom system of pool sanitation consists of a bromine-based chemical dispenser, which Aquabrom calls the Di-Halo and a tank called a brominator to dispense the chemical. Slow - dissolving chlorine tablets are also available. Some manufacturers have developed water purification systems which overcome the unpleasant side effects of certain chemicals.

Hypocell of Kent has devised a system which breaks down the salt content of pool water in use to produce what the company claims is a highly-efficient purification residual in the water. This residual kills active bacteria and algae and gives the bather protection against bacteria too.

Staining

With indoor pools, condensation can be a problem and in the case of chemically-treated water particularly, can cause staining. There is a wide range of dehumidifiers on the market.

The Vaporex system works on the principle of recirculating the air over an indoor pool. Usefully, it eliminates the need for extractor fans which exhaust costly-heated air to waste. But the water lost through evaporation and splashing must be restored to the pool somehow to keep the level constant, and most pools are now fitted with an automatic water leveller for this purpose.

Many in the industry believe that the real growth point of future business and development is the spa, and swimming pool retailers are increasingly offering a range of spa baths to meet growing demand.

The spa's increasing popularity has resulted in a plethora of products and a discerning eye is needed. In general, the spa baths are made of glassfibre or acrylic and they can be as simple or complex as the customer likes. One spa recently fitted in a London home cost about £50,000, but £1,000-£2000 would provide a simpler installation.

Some ranges have their own integral pipework which means easier installation. These among others are sold in kits for the DIY enthusiast.

Some retailers believe acrylic spa baths are more durable than glassfibre ones—being more resistant to staining, blistering, cracking and fading. The actual bath is often shaped to fit the contours of the body. Waterfalls and hydrojets have been specially designed for spa bath use.

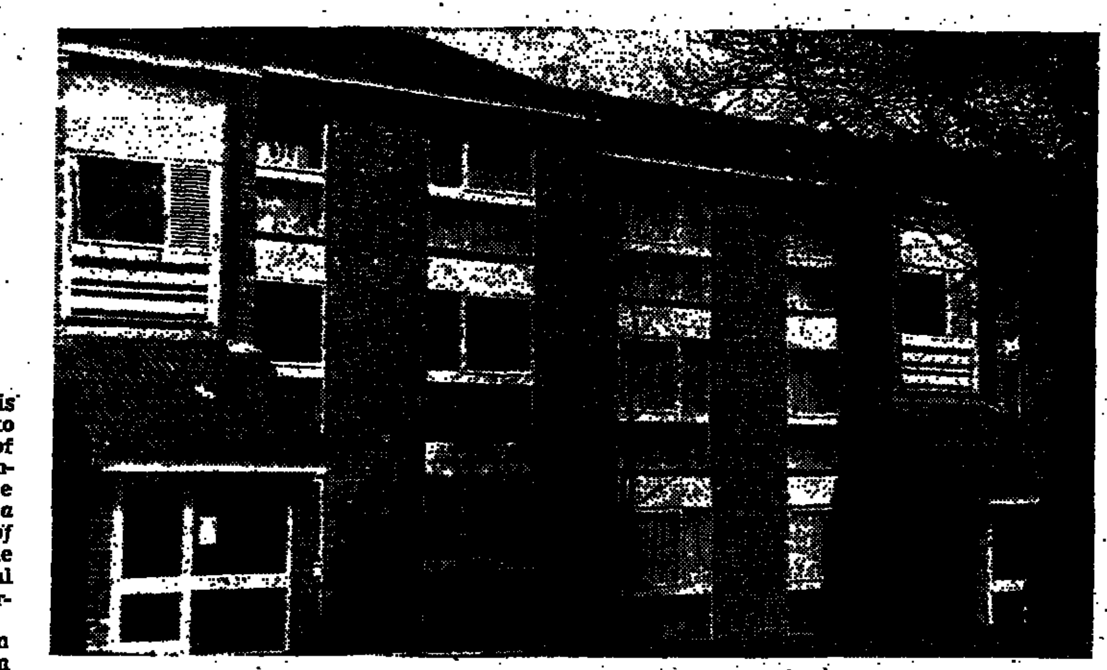
With space in most homes at a premium, many people who would not consider having a swimming pool are considering installing spas.

As one leading retailer put it: "The spa business is just taking off, as something in its own right. But luckily for swimming pool retailers, this is something which will boost the whole pool industry." It is also a step which will provide more choice for the customer.

PROPERTY

Flat buyer's guide

BY JUNE FIELD



Fairview Estates are building 2-bedroom apartments in this style at Old Park Mews, Upper Sutton Lane, a few minutes walk from Heston village in Middlesex. Prices are from £28,495 including garages. Details from Brian Roach, at the show flat on site (01-577 3323), or P. Chase Gardener and Co., 53 Lampton Road, Hounslow, and Dunphys, 2 Kingsley Road, Hounslow.

"THE TYPICAL flat buyer is often horrified and amazed to receive a bill for his share of the cost of servicing and maintaining the block," goes the opening paragraph of *Buying a flat? — Don't buy a lifetime of problems as well*, a new guide produced jointly by the Royal Institution of Chartered Surveyors, and the Law Society.

In what is otherwise an informative booklet (38p from RICS Publications, Norden House, Basingstoke, RG21 2HN), this is an unnecessarily over-dramatic observation by the authors, a working committee of young solicitors and surveyors. To have actually reached the stage of being sent an account for a quarter or half-yearly service charge, one would already have purchased a lease, during which process any professional legal adviser would have enquired about what payments a purchaser would be responsible for. In the case of established apartment-blocks he would have asked for three years' audited accounts, and for a newly built or recently converted building, some idea of estimated running costs.

The process of selling flats in a block where previously all had been rented, actively got under way around 1970, with the flat "break-up" operation. This involved selling units to sitting tenants at a discount, with vacant ones at an open-market price. The term break-up took on a literal quality too, as some units were practically broken apart in the haste to "modernise" them so as to increase their value.

The *Buying a flat?* guide indicates the pitfalls of buying in turn-of-the-century blocks where little or nothing has been done over the years to modernise entrance halls, passages, lifts and boilers, or even the fabric of the building. Rather superfluously, the guide also makes the point that services such as lifts, central heating, porterage, gardening, television aerial installation etc., are not free. (Security arrangements are not mentioned.) What it should of course have raised is that before anyone considers purchasing a flat they should work out just how much the convenience of having these services on tap is worth to them.

And that is where some of the problems arise. How can lessees be sure that they will get the services they are paying for? "In an ideal world each block of flats would be controlled by someone who takes a genuine interest in it and ensures that repairs and maintenance are carried out at a reasonable cost," says the guide. But as it goes on to point out, occupiers do not necessarily agree about what needs to be done, and somebody has to make the decision and to find the money to pay the bills.

Setting up a reserve fund to pay for large items of expenditure is essential, with interest on the monies earned helping to preserve the fund in real terms. "Competent managing agents will supervise a maintenance programme," is the caption to one of the amusing cartoon-style illustrations. To many flat-owners this is a dream-like sequence not always observed.

Also referred to is the creation of a residents' association, welcomed by landlords "as it eases the problems of communicating with the occupiers to decide what they want . . ." (And to protect the occupiers' interests, most flat-buyers would add.) The residents' associations in turn can belong to an overall organisation, the Federation of Private Residents' Associations, started in 1972 by a Mr. Salmon James. It is made up of some 250 associations, mainly in London, with some on the South and East coasts, Birmingham and Manchester, representing around 10,000 or so flats where ocupiers are either long leaseholders or on regulated tenancies, or there is a combination of both.

Membership costs an entrance fee of £15, plus a yearly contribution of £1 a flat, and the federation does not deal with individual problems, but only those raised by member associations. For free information about how to form an association, with a suggested constitution and rules, contact Mr. James, chairman FPRA, 83 Cambridge Street, London, SW1 (01-834 8921).

"We are not anti-landlord, or over pro-tenant", insists Mr. James. "But we do guide our members on how to be prepared properly to check and challenge any anomalies and injustices. Many blocks would like to fight and don't know how to, and it is not until the wolf is at the door that they ask for help.

"Forming an association takes considerable time and effort, as well as tact to see that it doesn't get bogged down in what are often fairly trivial personality problems. It is our aim to relieve members as much as possible from too much correspondence and discussion".

The Housing Act, 1980 made important changes in the law affecting both leaseholders and tenants who pay variable or fixed service charges, whether you have bought on a long lease through a private landlord, council, new town corporation or housing association. A useful leaflet "Service Charges in Flats—A guide for landlords and tenants" is free from Citizen's Advice Bureaux, or the Department of the Environment, 2, Marsham Street, London SW1.

As part of its current promotional campaign, the RICS has also organised an exhibition "You And Your Home—Invest in a Chartered Surveyor", which outlines the steps in buying, extending and selling a home. It starts a tour of shopping centres and public libraries round the country from April 20. For a tour list and appointment for a preview in London, contact Eleanor Muirhead, exhibitions officer, RICS, 12 Great George Street, SW1.

Another useful booklet is *Buying or Selling Your Home—Questions and answers about conveyancing*, free from the Law Society, 113, Chancery Lane, London, WC2. It is really the legal profession's answer to what they term "unqualified conveyancing organisations". It admits to being "too vague" on costs, but does advise on asking for a rough estimate in advance. One London solicitor I know charges £50 an hour for his time, £30 an hour for his legal assistant.

Incidentals, VAT, and disbursements such as registration fees, stamp duty etc., must go on top.

Flats in phases 1 and 2 at St. Paul's Court, W14, which I wrote about last week, are now completely reserved, say the agents Dunphy, apologising for not being able to to cope with "the overwhelming response." The final phase of some 60 or so units are due to be released mid-April, and although viewing is continuing, reservations are not being taken yet.

CHESS

LEONARD BARDEN

WHEN the current crop of British grandmasters led by Tony Miles were rising juniors back in 1973 and 1974, the Slater Foundation arranged two invitation weekend tournaments to give them competition against some of the leading British and international players of the day.

In the 1973 event the star, Bent Larsen, was pressed hard for first place by John Nunn, then a comparative unknown, and now the new British champion. The 1974 Slater invitation was won by Simon Webb who also went on to become an established senior international.

Seven years have passed, and we now have another generation of junior talent to challenge the top British players in their late 20s and early 30s. Last week's Arc Young Masters at Westergate, Sussex, was in effect a British under-26 championship where Miles and Nunn were veterans defending their status against opponents up to a dozen years younger.

Despite the strenuous schedule of six rounds in three days, there was some excellent chess, played as one would expect in a competitive, cut and thrust style. Nunn, following an old tradition that the British champion does badly in his next tournament (this used to mean coming bottom at Hastings), was out of form and lost to Plaskett: while Miles conceded three draws and in two of these —against Ian Wells and Murray Chandler—was close to defeat.

On the whole, even with the grandmaster reverses, the older generation—if one can call it that at around 21-25—successfully resisted rising youth. The first two prizes of £850 and £500 went to international masters Chandler, the New Zealander who has made his home in Britain, and Paul Littlewood, whose attacking play won five games before he went down to Chandler in the final round.

Leading scores were: M. Chandler (New Zealand) 5½, P. Littlewood 5, J. Hall, A. Miles, S. Taulbut and G. West (Australia) 4½, R. Britton, P. Large, J. Nunn and L Wells 4.

There were 46 competitors.

The Arc tournament was the first venture into chess of the sponsors, Amey Roadstone, and a highly successful one at that. Based in a small country village near Chichester, the organisers achieved a standard rarely if even surpassed in British weekend tournaments. There was a programme, a round-by-round bulletin with all the games, individual transport to and from players' accommodation, and even a 70th birthday cake for The Times correspondent Harry Golombek, at the final reception.

Chandler's victory was another step forward for this talented player. The National Bank of New Zealand have backed him to major events since he was a junior, and their belief that he can become his country's first grandmaster looks justified. Chandler commutes for his chess between Britain and West Germany, where as top board for Hamburg in the Bundesliga he is in contention with Spassky and Hubner, two world-class players, for the best individual result.

An entertaining game:

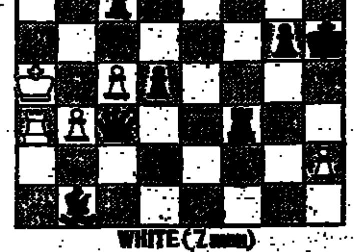
White: P. Littlewood. Black: C. W. Baker. Benoni (Westergate 1981).

1 P-Q4, P-QB4; 2 P-Q5, P-K4; 3 P-K4, P-Q3; 4 N-QB3, B-K2; 5 N-B3, B-N5; 6 P-KR3, BxN; 7 QxB, B-N4; 8 BxB, QxB; 9 N-N5, Q-Q1; 10 Q-N4, P-KN3; 11 NxP ch! (a long-range combination aimed at a winning ending).

QxN; 12 Q-B8 ch, Q-Q1; 13 B-N5 ch, K-K2; 14 P-Q6 ch, QxP; 15 QxP ch, K-B3; 16 QxR, Q-N3; 17 O-O-O, N-K2 (if QxB; 18 R-Q8!); 18 R-Q7! QxB; 19 R-N7, Q-K1; 20 QxP, QN-B3; 21 QxP, Q-QB1; 22 Q-Q6 ch, Q-K3; 23 R-Q1, R-Q1; 24 QxQ ch, KxQ; 25 RxR, NxR; 26 R-N6 ch, K-Q2; 27 P-QR4 (the match winner: it is always hard to stop a fast-running rook pawn with knights), N(2)-B3; 28 R-N5, K-B2; 29 P-QB3, N-K3; 30 P-R5, N-B5; 31 P-R6, NxNP; 32 R-N7 ch, K-B1; 33 RxP, P-R4; 34 P-N4, K-N1; 35 P-N5, N-R2; 36 P-N6, N-B1; 37 R-B8, Resigns.

POSITION No. 362

BLACK (9 men)



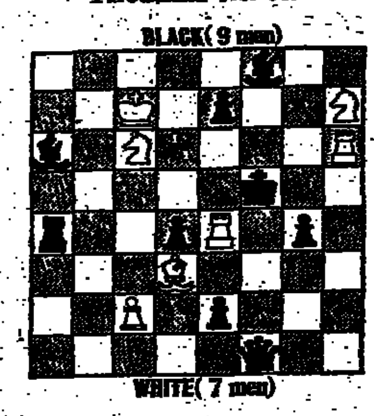
WHITE (7 men)

H. D. Macpherson v. S. J. B. Knott, Oxford v. Cambridge 1980. Black (to move) is two pawns up, but the position still looks complex. How did he simplify to a won endgame?

The annual varsity match takes place this afternoon, as usual sponsored by Lloyds Bank and played at the RAC, Pall Mall. All Oxford's seven men have ratings over 200 (British expert strength) and they are favourites to break Cambridge's record run of 11 successive wins.

PROBLEM No. 362

BLACK (9 men)



WHITE (7 men)

White mates in two moves, against any defence (by D. Shire, Canterbury).

Solutions, Page 14

BRIDGE

E. P. C. COTTER

HANDS BID to a little slam, which contain 12 cold tricks, are scarcely worth the bonus points entailed by the laws, but those that require good play not only deserve the emoluments, but have aesthetic appeal. Today's two examples gave great satisfaction to the declarers — the first comes from a team-of-four match:

N.
♠ A 7 5 3
♡ 10 5
♢ K J 10
♣ A K 10 6

W.
♠ J
♡ K Q J 9 2
♢ 8 5 4 3
♣ Q 3 2

E.
♠ K 4
♡ 8 7 6 3
♢ 9 7 6 2
♣ J 8 4

S.
♠ Q 10 9 8 6 2
♡ A 4
♢ A Q
♣ 9 7 5

North dealt at a love score and bid one club, South replied with one spade, and North raised to four spades. South now introduced a Blackwood four no trumps, and after his partner's response of five hearts bid six spades.

South won West's heart King in hand, led a spade to dummy's Ace on the chance of dropping a singleton King. When this did not happen, he cashed three diamond tricks, throwing his losing heart, ruffed a heart, cashed Ace and King of clubs, hoping to strip the defender who held the trump King of exit cards in that suit. He followed with a trump. East won, and returned a club to defeat the contract. But we applaud the declarer for a brave try.

In the other room the same contract was reached, and West again led the heart King. The declarer won, and at once cashed three diamonds. However, on the third round he discarded not his losing heart, but a club. Then he cashed Ace, King of clubs, ruffed a club in hand, and led a spade to dummy's Ace. Now the established ten of clubs was played providing a home for South's losing heart. East could make his trump King on that trick or later, but there was no other trick for the defence.

The second hand is an oldie —a classic played by Freddie Sheinwold in a rubber:

N.
♠ K J 5
♡ Q J
♢ A K 6 5 3 2
♣ 9 4

W.
♠ 9 8 4 2
♡ 8 5
♢ J 8
♣ Q 10 8 6 2

E.
♠ Q 10 3
♡ 10 9 4 2
♢ Q 10 9 7
♣ J 7

S.
♠ A 7 6
♡ A K 7 6 3
♢ 4
♣ A K 5 3

North dealt at game-all, and bid one diamond, and Freddie with the South cards made a forcing take-out of two hearts. North rebid three diamonds, South said four clubs, North gave preference with four hearts, and South said six hearts.

West led the heart five to dummy's Knave, and the declarer took stock of the position. He had 11 tricks on top, unless there was a diabolical trump break, but where was the twelfth coming from? To ruff a club would require a 3-3 break in trumps, and the spade finesse was a 50 per cent proposition. To cash one high diamond and ruff the suit good ran the risk of an over-ruff and loss of trump control if both red suits broke 4-2.

Freddie found the solution, and made a play which was widely acclaimed at the time. He simply played the diamond two from the table, ducking in hand, and lost to West's eight. West returned another trump, won by the Queen in dummy, and the declarer ruffed a diamond in hand. The Ace and King of hearts drew East's two remaining trumps, on which a spade and a diamond were thrown from the table, then South crossed to the spade King, and dummy's cards were all winners.

هكذا من الأهل

MOTORING/TRAVEL

The Mazda 323. A well equipped front-drive hatchback offering great value for money

Mazda's Aladdin's cave

BY STUART MARSHALL

WHEN TWO cars superficially look so much alike as the Ford Escort and the new Mazda 323, comparisons, although odious, are also inevitable. And especially so when you know that Ford have a large minority shareholding in Toyo Kogyo, who make Mazdas.

There are, however, considerable differences. The more you look at the cars, the more you find. After only a minute or two of detailed comparisons it becomes clear that two neighbours, one with an Escort, the other a Mazda of identical colour, would be most unlikely to get into each other's cars by mistake.

The Mazda, which like the Escort comes as a three-door or five-door hatchback though not yet as a proper estate, is fractionally shorter and narrower than the Ford. Its boot is considerably smaller. There are styling differences, too. The Mazda has rectangular headlamps with larger wrap-round signal lights than the Escort. Its urethane bumpers match up with generous protection mouldings on the body sides.

One could go on, but the point is made. They may not be all that distantly related, but they are emphatically not carbon copies.

There are more important distinctions underneath the sheet metal. The Mazda 323s have a different and cleverer independent rear suspension which eliminates the one major criticism that can be made of the Ford—its restless ride on certain kinds of roads. Neither car is as shock absorbent over poor surfaces as, say, a Renault 5, but the Mazda doesn't joggle about like the Escort.

It would have been illuminating to have tested the 5-door Escort 1300 I had last autumn simultaneously with the Mazda 323 5-door 1300 I had last month, jumping from one to the other, but I couldn't arrange it. So my impressions of the Escort had been dimmed by time.

On paper, it is slower off the mark than the Escort. Mazda's own figures give the Escort 1300 an almost one second advantage (11.1 against 12 seconds) in acceleration from 0-60 mph. I can't say I really noticed the difference in practice. The Mazda felt a spirited, free-running car, whether in traffic, on winding roads or on the motorway. The engine ran too quickly for comfort if one joined a traffic stream with the choke still out and was rather buzzy if pushed hard in the gears. But it was generally refined—like the Ford's.

The four-speed gearshift was finger light and quick; the steering almost effortless when parking and perhaps just a shade too light in a motorway crosswind. The lock is exceptionally tight, giving a turning circle of a few inches over 30ft. All the controls—the combined lighting and traffic indicator switch, the two-speed and intermittent wipers, the delicate clutch and power assisted brakes—were as light and silken as one expects of a Japanese car.

The front seats are well shaped, with reclining backs and lots of to-and-fro adjustment. Rear seat legroom depends on the leg length of those up front but the back is reasonably habitable by full-sized adults.

Handling and roadholding was up to best European standards though in the dry spell I had no chance to explore the Japanese Dunlop SP4's wet grip. In short, the Mazda felt a taut, efficient package, nimble in town, reasonably relaxed on the motorway and warm inside within a few minutes of cold starting on a below-zero morning.

There is a considerable range of Mazdas including a 3-door 1100, 3- or 5-door 1300s, a 5-door 1500 with an automatic transmission option (there is no two-pedal Ford Escort yet) and a five-speed manual 1500GT. Lined up against obvious rivals like the Escort, VW Golf, Opel Kadett and Austin Metro, they appear to offer exceptional value for money.

The 1300 5-door I drove costs £3,799 against £4,361 for the 1.3 Escort 5-door GL. The cheapest Mazda 323—the £3,399 1100 3-door, which is the only one without a standard radio—undercuts the Metro 1.0L 3-door by nearly £100.

It is when you get down to equipment comparisons that the Mazdas really shine. Dipping into an Aladdin's Cave of goodies, one finds that the £3,799 1300 three-door comes complete with twin fog lamps, tool kit, rear wash-wipe, lockable fuel cap, interior hatch release, quartz clock, trip meter, panel light rheostat, tinted glass, laminated screen and the neatest radio aerial that disappears into the offside screen pillar.

My test was too brief to get a meaningful fuel consumption. Mazda's own figures show the 1300 to be marginally better than the 1.3 Escort at a constant 56 mph (47.9 mpg against 47.1) but thirstier (34.4 against 36.7 mpg) at a steady 75 mph. The most economical Mazda of all is the largest engined, the 1500GT. Its five-speed box with overdrive top gives it steady 56 mph and 75 mph figures of 53.3 mpg and 38.7 mpg.

A diminishing breed of hotels

BY ARTHUR SANDLES

THE ALGONQUIN is one of a fast diminishing breed of hotels around the world—those that still boast personality.

Places like the Algonquin had a bad time in the 'sixties and 'seventies. Not necessarily bad in a business sense, but certainly in the way that the trend of fashion was against them.

Some weathered the storm better than others. The fabled hotels of the 'twenties and 'thirties reacted in a variety of ways. The Algonquin and Reids (Maderia) poured money into the largely successful battle of keeping age at bay. London's Ritz, like its Parisian counterpart, slipped a little. Raffles in Singapore let the tide of time rush over it, leaving a weather-beaten memento of what once had been. The Oriental in Bangkok and the Manila in Manila turned maintenance into an extravagance of refurbishment.

Perhaps the most delightful part of staying in any of these places, even the ones that are little more than a thin ghost of a once splendidly fleshy past, is the feeling that you are part of time. Nowhere do I believe that to be more the case that at the Taj in Bombay. The one disappointment is the deep envy one feels of those who first saw the Taj from the sea. It stands majestically and welcoming behind the Gateway to India.

Big by the standards of the earlier age for which it was built (it has, of course been extended) the Taj now boasts more than 600 rooms and suites. In spite of this size it retained a friendly intimacy.

It is, of course, in the East generally that service comes very much into its own. The Rolls Royce cars from Hong Kong's Peninsula Hotel still smooth their way through Kowloon's bustling traffic carrying guests to and from Kai Tak airport.

The associations of the Manila Hotel are rather different from the rest of its fabled companions around the world. In this case the Manila conjures up images of the extraordinary and somewhat overpowering General MacArthur, for whom it was both headquarters and virtual private palace. Today the hotel is owned by the Philippines Government and has the air of a property which has soaked up a vast amount in investment. Marble, gilt, exotic woods, antiques and costly deperies provide a backdrop for numberless crisply uniformed staff. It is difficult not to be impressed.

For an example of what can happen to a great hotel when time and economic circumstances provoke the need for change one only has to look at the Oriental in Bangkok. It is a glittering example of a happy marriage between old and new.

The Oriental's tower block wing is linked to the old domain of Somerset Maugham and Joseph Conrad by a white-washed corridor. Take it and you find yourself in the author's wing, where the white cane chairs stand amid potted plants and ceiling fans still waft the tropical air.

In somewhat different style is the Ritz in London, a one time shining example of the abilities of the famed Cesar Ritz. Between the wars the Ritz vied with the Savoy for the title of the hotel in the British capital. The style was grand, the service impeccable and the champagne corks popped. A few years ago all that remained of this splendid past was a building, still stately, but ragged at the edges; a restaurant whose food carried spectacular titles but unfortunate preparation; and public rooms whose lights were dimmed just as the rest of London was springing into night-life.

Now the Ritz is alive again. The new owners, Trafalgar House, have spent time and money. The lights glitter, the food has improved by leaps and the faded frontage has been polished.

Which brings us back to the doors of the Algonquin hotel and its famous cat. Confined by its own decision to the main lobby and downstairs private quarters (which it reaches through a cat door specially provided) the cat seems even to have convinced the New York health authorities that it never ventures into the restaurant or kitchens. Its fame is beginning to catch up on the Algonquin's other claim to fabled status, its literary past and present.

The Algonquin round table was a meeting point for literary greats and aspiring greats in the twenties and thirties. Today the table has gone, but the literary community, particularly the British, linger on.

Set as it is, close to the theatre district of Manhattan, the Algonquin attracts authors and artists in abundance. Between 5.30 and 8.00 in the evening its main lounge is awash with the pre-theatre crowd. Later its restaurant serves a post-theatre buffet.

Many of these fabled hotels are represented by Hotel Representative Incorporated which trades under the title The Leading Hotels of the World, 15, New Bridge Street, London EC4V 6AU. The Algonquin is at 59, West 44th Street, New York, New York 10036, U.S.A. The Singapore Tourist Board, 33, Heddon Street, London W1R 7LB will give further details of Singapore hotels. Utell International, with offices in London, New York and Frankfurt handles bookings for the Manila. *The Algonquin cat has an illustrated book of its own, on sale at the hotel's news-stand.*

Raffles: a weather-beaten memento of times past.

Huffy-puffy

SKIING

ARTHUR SANDLES

THE SKINNY ski season begins to come into its own about now. *Skinny skis are what American* skiers like to call the cross country version of those hefty downhill planks. It is a neatly apt description. Cross-country skis are dainty, graceful things and the sport itself tends to attract the more slender of participants.

A couple of weeks ago, after years of near antipathy to cross-country skiing, I underwent a conversion to the sport. Stuck in an area where the snow was deep and new, a friend and I smarted under the frustration of there being no decent downhill slopes nearby. So we rented skinny skis and set off. Five very warming miles later we agreed that perhaps there was something to this cross-country thing after all.

The real joy of cross country skiing is the ability to get away from humanity. On this particular occasion we plunged deep into woodlands whose trees and bushes were still blanketed by the results of an overnight blizzard. Now, however, the sky was clear and the sunshine carved its way through the trees. The silence was remarkable, and yet everywhere there were footmarks—rabbits, deer and, could it possibly be, some sort of largish cat.

I rarely cross country ski and have a great deal to learn about the techniques. It is, nonetheless, not too difficult to grasp the basics. When you first try it, make sure you are on fairly flat terrain. The real test for the beginner is making turns on woodland paths while travelling downhill.

If you are unfit, and particularly if you are overweight, cross country skiing can be a huffy-puffy affair, so do not expect miracles.

SNOW REPORTS

EUROPE

St. Anton (Aus.)	70-240 cm	Rain stopped play.
Kitzbuehel (Aus.)	45-160 cm	Snow spoilt by high temps.
Seefeld (Aus.)	60-110 cm	Wet snow on all slopes.
Wildsch'nau (Aus.)	60-170 cm	Worn patches on many slopes.
Wengen (Sw.)	20-140 cm	Snowing up to 1,600 m.
Crans-Montana (Sw.)	50-135 cm	Wet snow on all slopes.
Andermatt (Sw.)	110-340 cm	Snowfall above 2,210 m.
Verbier (Sw.)	30-220 cm	Wet snow.
Les Arcs (Fr.)	80-190 cm	Wet snow on all slopes.
Isola (Fr.)	10-40 cm	Very limited skiing. Thaw
Avoriaz (Fr.)	155-180 cm	Outlook better.
La Plagne (Fr.)	150-240 cm	Avalanche danger.
Tignes (Fr.)	110-210 cm	Wet snow on hard base.

European reports from Ski Club of Great Britain representatives.

THE U.S.

Sugarbush (Vt.)	8-40 ins	Powder. 66 runs open.
Stowe (Vt.)	8-34 ins	Packed powder. 27 runs open.
Hunter (NY)	0-80 ins	Powder. 25 runs open.
Park City (Utah)	8-40 ins	Hard packed snow. All open.
Aspen (Col.)	35-47 ins	Packed powder. All runs open.
Squaw Valley (Calif.)	24-60 ins	Packed powder. 19 runs open.

Figures indicate snow depths at top and bottom stations.

SCOTLAND

Cairngorm:	Few main runs complete. Very wet snow.
Glenshee:	Few main runs complete. Wet snow.
Glencoe:	No main runs complete. Patchy, very wet snow.
Lecht:	*No main runs complete. Patchy, wet snow.*

BOOKS

Deighton's dash

BY JANET MORGAN

XPD
by Len Deighton. Hutchinson. £6.95. 397 pages

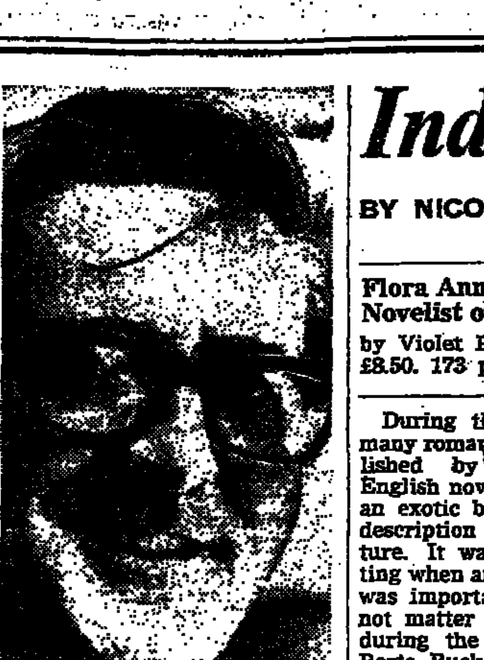
"Everything's so oversize, Papa," observes suntanned, well-sauna'd, radiant Mary Breslow as her father Max, possibly a former Nazi, shows her the reproduction of Hitler's Chancellery constructed for his film about the Fuhrer. "They are working from photos," he explains. "All the original furnishings were deliberately made too large. They say it was intended to overawe the visitor, and make him feel insignificant. . . ."

Len Deighton is up to the same trick, erecting on every page quantities of what in this world is called "prestigious" scenery to impress the privileged reader. Freeways and autobahns are cluttered with Mercedes and Jaguars (even the rented Mini bounds along at 80 plus). A servant in a green baize apron waits at the front door of the turreted mansion by Lake Geneva. Delicate antique furniture fills the house at Westlake, a "planned community," "replete with countless pools and jacuzzis, tennis courts and stables," where only battery-powered motor boats are allowed on the "tastefully landscaped" man-made lake. A luxuriously dressed cast (Gucci/Pucci and "handstitched suits") earnestly specifies what will be eaten ("Camembert cheese," "hand-coated brandy cherries from a tiny shop in Munich"), drunk ("a little more of that German wine") and slept upon ("a big mahogany bed with a cream silk duvet cover").

All this knowing pedantry may, however, leave the reader unflustered. But Mr. Deighton has another device to hand, inspired perhaps by General Shumuk (Head of the Executive Action Department of the KGB's First Main Directorate), whose office contains a wooden chair with uneven feet, said to have been designed by the General himself to cause concern and discomfort to anyone sitting in it.

Here a rickety plot is just as disconcerting. In a saltmine in Thuringia, General Patton's invading forces discover a hoard of bullion, currency, valuables and packages of documents revealing a secret meeting between Churchill and Hitler in the summer of 1940, where peace was discussed in terms that would now deeply embarrass everyone in the world but the Soviet Union. Three or four trucks of the liberated treasure disappear en route to Frankfurt; well-financed enterprises then spring up: a Swiss bank, a nightclub, a patisserie, etc., on which the remnants of an American battalion set about living comfortably ever after..

The documents seem to be part of the missing loot. In 1979 Moscow learns of this (even Mr. Deighton is not sure exactly how they are alerted); so does a mysterious group of respectable West German businessmen. One way and another the hunt is on, with various branches of the British, American and Russian intelligence services pursuing bankers, film producers, diplomats, a couple of computer-crackers, the hero (busy divorcing the daughter of the head of MI6), an East Anglian farmer (Rhode Island Reds) and one or two sketchy women (a bigamous spy's Japanese wife, the hero's ambitious mistress—she hopes to become a Permanent Secretary—and the luscious Californian). Some of these people are unwittingly on the same side. There is one explosion, two car crashes, three decapitations and a chase round the film set.



Len Deighton: apparatus addict

This eventful saga is, nonetheless, insufficiently distracting. The dialogue is thin and tired, except for one good joke about a food processor, and the narrator is obliged to supply large chunks of explanation to fill in or clarify obscure details. The final revelation is obvious from a very early stage. The reader guesses very well whom to trust, while never quite knowing whom to like. The world of intelligence is neither convincingly drab nor temptingly violent. Speeded up, this might make a momentarily entertaining film; as a book it's marked XPD—expedient demise.

Murders in the provinces

BY WILLIAM WEAVER

Loser's Blues, by Paula Gosling. Macmillan. £5.95, 256 pages

Nothing is more difficult than writing about musicians, and it is one—of the many—merits of Mrs. Gosling's latest novel that she portrays a totally convincing pianist, as well as his various colleagues, agent, and so on, without a lot of foolish jabber about modulations and F-sharp major. But the book also is notable for its well-devised story, its affecting humanity, its wry tone.

Playground of Death by John Buxton Hilton. Collins. £5.75, 160 pages

There is only one thing wrong with Hilton's new book: the two most interesting characters in it are dead before it begins. The author compensates for this loss to some extent by presenting, at welcome length, the memoirs of one of the deceased: a disturbing and engaging narrative with all the ring of authenticity. For the rest, Mr. Hilton's Detective Superintendent Kenworthy (minus wife this time, unfortunately) gradually pieces together the somewhat over-elaborate tale of two murders. As usual with this writer, the setting is paramount: a big provincial town with its fair share of crooks, characters, ordinary people, with a past and a present, interlocking, and with an almost palpable reality.

Catspaw, by Martin Russell. Collins. £5.25, 175 pages

Mr. Russell, I am afraid, has done it again. He has established, brilliantly, an initial nightmare-situation, then has rounded it off with an unimaginative ending (also, for hardened crime-readers, fairly predictable). It is worth reading *Catspaw*, however, because of the admirable way in which the author builds up his domestic terror. First, the problem is simply an upstairs neighbour with a loud stereo. Then the familiar nuisance becomes more sinister and frightening, step by step. The Miss Mouse protagonist is not specially original, but her very anonymity makes the horror all the more horrible.

Castle in the Air by Donald E. Westlake. Hodder and Stoughton. £6.25, 189 pages

In his unforgettable *Bank Shot*, Westlake's crooks robbed a bank: literally (the bank was operating in what the Americans call, with optimistic inaccuracy, a "mobile home"). Here the theft involves an even larger building, a South American castle; and though the gang this time is a band of international master-mind supercrooks, the results are no more successful. Actually, *Castle in the Air* is not vintage Westlake. There are, to be sure, some splendid jokes; but too many of the scenes are pure formula (the recruiting of the French, German, Italian and English malefactors involves a mechanical series of brief, set scenes). The language barrier creates a problem that is funny at first, but the gag outstays its welcome. Minor Westlake, in other words. But even minor Westlake is not to be missed.

Queue Here for Murder by Marian Babson. Collins, £5.25, 171 pages

Dorrie is one of those people who, with Thermos and sleeping bag, is photographed queuing up for something—the first Laker flight, the post-Christmas sales—days ahead of time, all smiles and optimism. It is the sales here, and the queue outside Bonnard's (a Knightsbridge department store that strongly resembles a real place) is the neatly confined milieu of Marian Babson's light, amiable story, a kind of moral tale, finely, blending romance and menace, the great store seen from outside and from within.

Indian summers

BY NICOLA BEAUMAN

Flora Annie Steel: Novelist of India
by Violet Powell. Heinemann, £8.50. 173 pages

During the period 1890-1920 many romantic novels were published by (mostly female) English novelists using India as an exotic background for their description of love and adventure. It was the favourite setting when an upright moral tone was important. When this did not matter so much any more, during the 1920s, writers like Berta Ruck and Denise Robins could make millinery shops or advertising agencies quite as torrid as any hill-station or bazaar.

But before then passion was exiled from England to distant countries. And nowhere better than India where the Anglo-Indian sensibility (upright, sensible, pukka sahib) could be contrasted with the sensual, feckless and inscrutable Indian one. A favourite theme of Ethel M. Dell or Maud Diver was the initially doomed but ultimately triumphant love of an English girl for a man who often displays distressing Eastern leanings but thankfully turns out to be a decent English chap after all.

Verisimilitude was not particularly important. A best-selling "Indian" woman novelist was quoted by Mrs. Leavis in 1932 as admitting "I have really known very few Indians: one didn't know them in my day." But she suited the kind of reader who enjoyed novels where the trimmings were Indian but the tone definitely Cheltenham.

However, there was one popular novelist of the period who managed to combine a detailed and atmospheric description of India with some insight into the Anglo-Indian predicament. Flora Annie Steel (1847-1929) was unusual in that she wrote about a country she had personally known and loved, and also in her wish to bring the two cultures closer to a mutual understanding of one another. She believed that the Indians' problems derived from their rampant sexuality—but at least she tried honestly to describe the difficulties of the cold-blooded English living side by side with the torrid Indians.

Her own voice is heard in this passage about the heroine of her novel set at the time of the Indian Mutiny (*On the Face of the Waters* 1896):

> What were they thinking of, those dark incomprehensible faces closing closer and closer round her? What could they be thinking of? Uncivilised, heathen as they were—tied to hateful, horrible beliefs and customs, unmentionable thoughts! So the innate repulsion of the alien overpowered her dim desire to be kind.

Flora Steel involved herself in every aspect of Indian life. She accompanied her Indian Civil Service husband to the Punjab in 1868 and for 21 years she was at her husband's side. Too much so for comfort he probably thought, judging by Flora's remark in her autobiography: "He had always disliked Government service, and I fear my many tussles with it had not made him like it the more."

She was never shy of speaking out—inded her last duty as Inspectress of Schools was to write a primer on hygiene "to take the place of the perfectly useless Euclid." By the time her husband retired she had achieved many other small but useful reforms in the field of Indian education. Her writing had been limited to a volume of stories for children (illustrated by Kipling's father) and a kind of Anglo-Indian Mrs. Beeton; her career as a novelist began on her return to England.

Flora Annie Steel: romances of the sub-continent

Some of her novels are contemporary in setting, some historical; all are written with zest and verve, albeit in the convention of romantic fiction. Flora Steel used her understanding of India to write about the days before the British had arrived, for example in her trilogy about the Moghuls and her grasp of historical detail is evident in her "popular and picturesque history of Hindustan" *India Through The Ages.*

Violet Powell has written a biography which is worthy but rather dull. The way she uses the 1929 autobiography deprives the reader of much of the flair and spark of the original for the lack of direct quotation somehow muffles the strength of personality and liveliness of her subject. It is another of those ironies of publishing that it pays to commission a new biography but not to re-issue an excellent autobiography with some cuts and a good introduction. Violet Powell hopes to find new readers for Mrs. Steel—but of course outside the shelves of the London Library and the jumble-sales of Cheltenham they will, sadly, find it hard to come by her books.

Delinquent black youths

BY QUENTIN PEEL

Towards the Mountain: An Autobiography
by Alan Paton. Oxford, £12.50, 320 pages

Thirteen years spent running a reformatory for delinquent black youths outside Johannesburg would for many be a soul-destroying experience. For Alan Paton it was the opposite. It provided the inspiration for what remains possibly the most poignant, powerful, and certainly the most popular novel ever written about South Africa's racial agony: *Cry, the Beloved Country.*

Paton was appointed principal of the Diepkloof African Reformatory in 1935, at the age of 32. His previous experience was confined to teaching the brighter white pupils at exclusive schools in his native province of Natal. His task now was to transform a prison into an educational institution.

His charges were tough urban African boys, ranging in age from nine to over 20. Their offences were anything from pilfering from market stalls to murder and rape. His staff were mostly Afrikaans-speaking prison officers, with one former British brigade major from Poona, sharing a belief in iron discipline and strict racial segregation. Black staff and white staff did not mix. "It is hard to know what can be done with it," was the comment of Mr. Jan Hofmeyr, Paton's friend and mentor, then Minister of Education. It was unthinkable, says Paton, that the place should be left as it was.

The story of how Paton the Teacher tackled that task, and how the whole process suddenly gave birth to Paton the Author, forms the central plot of the first volume of his autobiography. Yet the underlying theme is considerably wider: it is the story of the archetypal South African White Liberal, deeply Christian, brave, stubborn and committed, and increasingly powerless in the face of more fanatical and much less-attractive forces.

The book's title, *Towards the Mountain* refers to the words of Isaiah: "They shall not hurt or destroy, in all my holy mountain; for the earth shall be full of the knowledge of the Lord, as the waters cover the sea." Paton's journey, as he sees it, is to set out "on the road to the holy mountain, where they neither hurt nor destroy, towards which one travels, not always hopeful, and at which one never arrives."

His armoury is a deep piety, inherited from his Christadelphian upbringing (although he never espoused that strict sect as an adult), a disarming honesty and self-awarness, a keen intellect, and a certain vain naivety, which he does not seek to deny. Suffice it to relate two incidents, both clearly singled out by Paton for their importance in changing his perceptions.

He was fascinated by, and very sympathetic towards, the renaissance of Afrikanerdom after its defeat in the Boer War. He taught himself to speak Afrikaans and to read its literature—partly, he says, to escape the racial exclusivism of his own thoroughly Anglicised upbringing.

In 1938, the centenary of the Great Trek was celebrated by ox-wagons converging from all over South Africa on the capital, Pretoria, where the foundation stone of a monument to the original Boers was to be laid. It was a supreme moment of Afrikaner revival, and Paton wished in his sympathy to share it. He grew a beard, and set off with members of his reform school staff in an ox-wagon for Pretoria.

It was a disaster. The event was a celebration of Afrikaner exclusivism. An Englishman who attempted to deliver a message of goodwill was drowned out by the crowd. "It was a lonely and terrible experience for any English-speaking South African who had gone there to rejoice in this Afrikaner festival," Paton writes. "From that sixteenth day of December, 1938, I became anti-nationalist."

The other experience was at the funeral of Edith Jones, a founder of the South African Institute of Race Relations, and an indefatigable worker in the cause of better race relations. "She was no beauty," Paton writes "She was a woman in her 50s, heavily built, and she breathed heavily after any exertion. If she had not kept her facial hair under control, she would soon have been bearded."

Paton got to know her on weekend trips into the more remote tribal areas of the country, where she would visit groups of Wayfarers—black Girl Guides. On these trips, he saw for the first time a black woman and a white woman talking to each other as equals. "At that time my own relations with black people were extremely polite, but I realised that these two had long passed that stage," he says. A month later, Edith Jones died.

At her funeral,

> "black people, white people, coloured people, European and African and Asian, Jew and Christian and Hindu and Moslem rich and poor, all came to honour her memory . . . the lump in the throat was not only for the great woman who was dead, not only because all South Africa was reconciled under the roof of this church, but also because it was as unreal as a dream, and no one knew how many years must pass and how many lives be spent and how much suffering be undergone before it all came true."

One irony of Paton's story, which ends with the writing of his first novel, is that the reformatory where he accomplished so much was closed down by Dr. Hendrik Verwoerd, and its site has become a military camp on the edge of the vast Soweto township complex. To that extent, his work was undone. But out of that experience his novel was written, bringing the South African tragedy into millions of homes where it might otherwise have remained unknown. That cannot be undone.

Polyglot man comes home

BY ALAN FORREST

God's Fifth Column
by William Gerhardie, edited with an introduction by Michael Holryod and Robert Skidelsky. Hodder and Stoughton, £11.95, 360 pages

I didn't know William Gerhardie's works very well until recently. But a friend, who seems to have a copy of nearly everything published in the '20s and '30s, helped me to fill the gap. I now recognise Gerhardie as a considerable writer, but I'm not quite sure whether the paeons of praise showered on him by Graham Greene, Evelyn Waugh, C. P. Snow, and, strangely, Lord Beaverbrook are fully justified.

God's Fifth Column, his posthumous book, doesn't help very much either. Gerhardie died in 1977—he had published nothing for some years and was living in increasing poverty, "a hermit in the West End of London," the editors put it, without radio, gramophone and television. But after he died, it was thought that the manuscript of a novel would be found among his papers.

There was no novel, but this long, meandering "biography of an age: 1890-1940" which records 50 years of political and artistic ironies—Queen Victoria dying in the arms of the Kaiser; Chekhov's coffin carried to the graveside in a van marked "For Oysters" and the story of Oscar Wilde being spat on during his journey to Wormwood Scrubs.

It is a book that promises more than it delivers, but still delivers quite a lot. Gerhardie is contemptuous of politicians, but loves writers: the section on Edward VII going to Paris to sign the Entente Cordiale is very jolly—when told that the French didn't seem to like them, the King replied: "Why should they?" Curzon, Balfour, Asquith—and even Winston Churchill—are cut down to size.

Some writers fare hardly better. D. H. Lawrence is compared with Hitler:—

> "Adolf Hitler, the son of a stickler for frontier regularity, broke out into unbridled licence in international power politics; D. H. Lawrence, the son of a puritanical mother, indulged in his books in outrageous sexual licence: Lawrence, unable to satisfy a woman, running riot into print; Hitler, unable to bestraddle a horse, sending his mechanised cavalry a-gallop across the continents."

Shaw, too, comes in for some stick:—

> "He is a swaggerer, and he knows it and enjoys it. . . . He adds an incongruous flourish of defiance to his old-maid's signature; uses barrack-room terms to convey Salvation Army sentiments. When if the truth were known, it would be an adventure for him to cross a ditch."

The great Russians are his particular love. He explores the relationship between Tolstoy and Chekhov lovingly—Tolstoy to Chekhov: "I don't think much of Shakespeare, but his plays are better than yours."

But it really is an enjoyable mess of a book. It is impossible to know what Gerhardie intended to do with it in the end. There are dazzling, perceptive passages — even the old Oscar Wilde stories built into an angry polemic suggest that if Gerhardie had been available he would have done better for Oscar in court than Edward Clarke did. But there are moments, too, when it all reads like one of those nutty characters who write to newspaper letters columns in green ink with every third word underlined or in block capitals.

God's Fifth Column, as Gerhardie saw it, is the force that sabotages man's complacency and makes progress possible. Happenings like the deaths of Oscar Wilde and Chekhov are evidence that the fifth column has struck again.

It is not a masterpiece. Nor can it be reduced to merely "The William Gerhardie Collection of Literary and Political Anecdotes." It is a very jolly read, but it reminded me of what some old freethinker said of Christianity: "It says many things that are new and true — but what's new isn't always true and what's true isn't always new."

Hocus pocus and lemmings

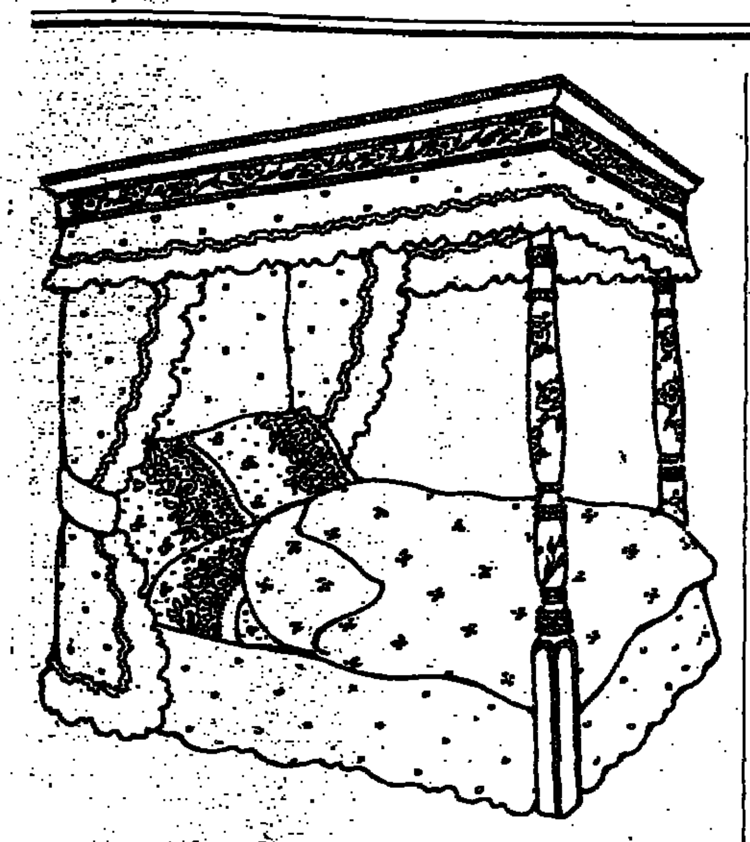
Words Fail Me
by Philip Howard. Hamish Hamilton. £5.95, 181 pages

Welcome another of Philip Howard's books about words, this time about the use of or belief in words and phrases of dubious validity. The temptation to look out something to argue over is soon quelled by Mr. Howard's peripatetic omniscience, which with no trouble can introduce the derivation of "hocus-pocus" into a chapter on lemmings. I don't quell all that easily: I believe Jumbo, the elephant's name, came from the Swahili greeting *jambo*, not the Mandingo *mama dyumbo*; and I *know* that it was Herbert Morrison and not Winston Churchill who exalted triphibian warfare, though it's more likely that Mr. Howard could find the source than I.

B. A. YOUNG

HOW TO SPEND IT

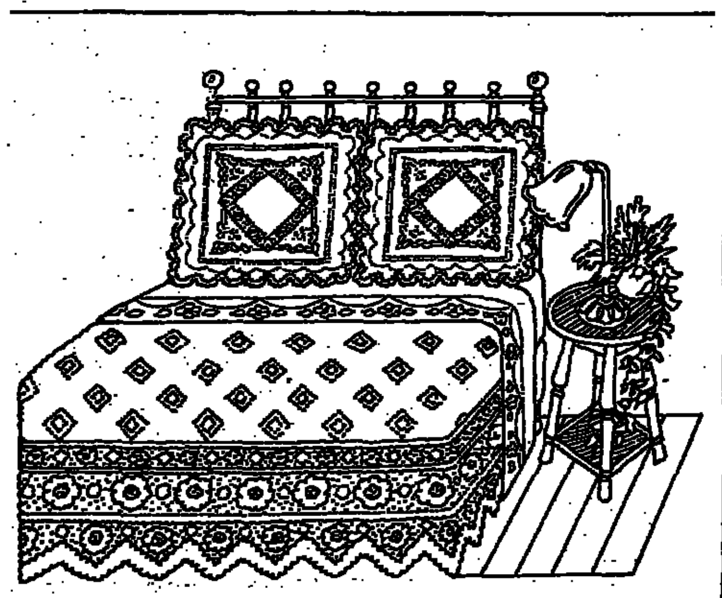
by Lucia van der Post



THE BEDCHAMBER, 3 CADOGAN STREET, LONDON SW3 *is a tiny but enchanting shop, exuding an air of old-fashioned nostalgia. If that is the sort of thing you like then you will not fail to be charmed by the shop. Besides selling a whole selection of antique patchwork quilts, crocheted quilts, cushions and other bedroom accessories, The Bedchamber also supplies craftsman-made four-poster beds. They are only made to order, take six to eight weeks to complete and can be made in pine or mahogany. As they are made to order, any size is possible. Price is £485 plus VAT for the 5 ft by 6 ft 6in size. Furnishings and mattress are extra. The bed in the drawing is highly decorative, the frame being adorned with hand-painted flowers. This again has to be ordered and can be done to individual choice, but it costs an extra £200.*

BROTHER SUN OF 171 FULHAM ROAD, LONDON SW3 *offers a limited selection of bedlinen but all of it will appeal to those who love those inimitably charming Provencal prints.*

The sheets, all pure cotton, have a white background dotted with small red and blue flowers. Double sheets (the edge only is visible here) are £30 (plus £1 p+p) each, pillowcases (shown here) £6.50 (plus £1 p+p) each and there are two other colourways available.



AND SO TO BED, 7 NEW KING'S ROAD, LONDON SW6 *is one of the largest sources of antique bedsteads in London. They come in brass, in iron, in wood and in combinations thereof. The shop also sells antique and new patchwork quilts at prices ranging from £110 to £300, Victorian white embroidered linen at prices ranging from £25 to £250 and French reversible cotton sheets from £20 to £150. You'll find here, too, white embroidered duvet covers and bolster covers to match.*

GRAHAM & GREEN, 4 ELGIN CRESCENT, LONDON W11 *sells a permanently changing collection of old linen like the lovely lacy pillows shown drawn on the bed. They are 28 inches square, all are different and they cost about £18.75 each (cover only). The pillows are made specially and cost £9.70 each. Graham & Green also sells fine hand-embroidered modern linen from China, the nicest of which is the plain white hand-embroidered sheet (partly shown on the bed here). A double sheet and two pillowcases costs £55.*

Variations of the hand-crocheted cover drawn on the bed can be found in antique shops and old linen stalls but anybody who can crochet will find that "Twilley's Book of Heirloom Bedspreads" is full of patterns for making similar versions for a fraction of the cost. The booklet can be bought for 70p (plus 50p p+p) from the needlework department of Harrods, Knightsbridge, SW1, or from the needlework departments of most good stores.

Bedtime story

THIS WEEK the How To Spend It Page looks at bedrooms—not at every aspect for that would take many pages, but mainly at the more decorative ideas that are currently enlivening the bedroom scene. The bedroom is one of the happiest areas, it seems to me, to decorate, offering the most scope for a really personal room and for indulging in decorative idiosyncrasies that might be inappropriate in a room that has to be more things to more people.

I don't intend here to dwell on the nuts and bolts of planning a really good bedroom (things like how to choose a good bed, sorting out the lighting and so on are all grist for another article) but rather to offer a few suggestions on the best of the merchandise around today.

Some of the most distinctive, the prettiest, the smartest bedrooms I know are the ones that Anouska Hempel has designed for her hotel Blakes at 33 Roland Gardens, London, SW7. Anybody thinking of doing up a bedroom of their own should somehow try and look over the bedrooms at Blakes. It is an enchanting, individual hotel, much frequented by the acting profession and the pop world and Anouska Hempel has treated every bedroom in an individual way.

She has tried to make the bedrooms look as if they were in the loveliest of private houses and potential guests are usually asked what sort of room they'd like. They can choose between beds that are high or low, very modern or antique brass, wood four-posters or sunken beds, light and airy rooms or the starkest of modern black. She uses lots of soft squishy pillows, antique linen bedspreads and has had all her bedlinen made to her designs in Cyprus using only the finest quality cotton. She makes sure each room has at least one really comfortable chair. There are often small tables covered in floor-length cloths and antique over-covers. There are cut flowers or plants and very good lighting, working on a dimmer switch (absolutely crucial so that lighting can vary from strong enough to read by to very dim and soothing).

She often uses very unbedroomy colours—one of her loveliest rooms is painted chocolate brown, has a giant antique brass bedstead, a cream lace bedspread, rush blinds and antique bamboo furniture.

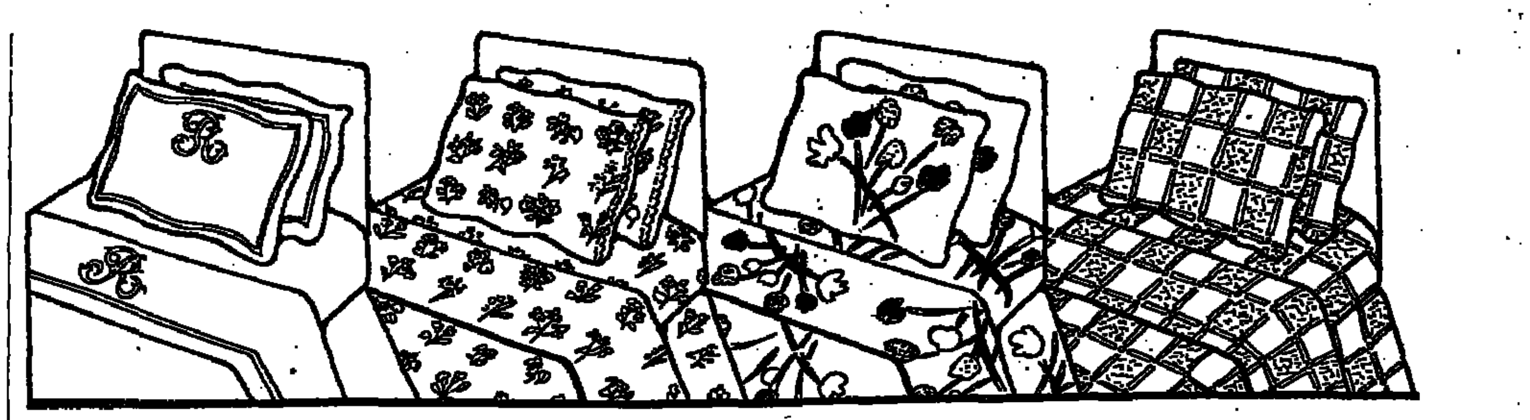
Looking at Blake's bedrooms it is easy to see what character and what an air of relaxing nostalgia antique linen gives the rooms. I personally am an antique linen freak and fortunately now have a small collection bought relatively cheaply from market stalls and antique shops. Almost every town has a shop of this sort. London certainly is full of them and all the established marketplaces like Camden Passage, Portobello Road and so on usually have stalls selling antique linen.

If you like going to auctions, Phillips at 7 Blenheim Street, London W1 regularly holds sales of textiles of all sorts. The next one is due on April 23 and features embroidered linen and silk coverlets, muslin appliqued net curtains, bolster covers and lace edged linen sheets.

For those who can possibly contemplate buying sheets that cost several hundreds of pounds, The White House, 51-52 New Bond Street, London, W1 is the emporium par excellence for such luxuries. I simply hadn't known that such sheets were ever, let alone were still, being made. Pure linen two-row cord sheets are £145 including postage and packing for double size pair and there are appliqued percale cotton sheets, from £450 for a six-piece set.

Laura Ashley as many of you must already know, now offers a range of sheets and duvet covers, though whether you ever manage to find the pattern you want in the shop you happen to be in seems largely a matter of luck. The new Ashley designs, out just a month or so ago, are ravishing and give a much-needed shot in the arm to the home furnishing section. Those who would like to make their own bedspreads or the newly fashionable bedroom item "comforters" will find that the reversible quilting sold by Laura Ashley is very pretty indeed and at £7.50 a metre it is good value for money. The new Laura Ashley booklet features all the home furnishing designs. It is full of decorative verve and sparkle and at just 50p is excellent value.

Most of the shops featured in the drawings offer a fairly exclusive range of merchandise and although London-based, nearly all offer a good mail order service.

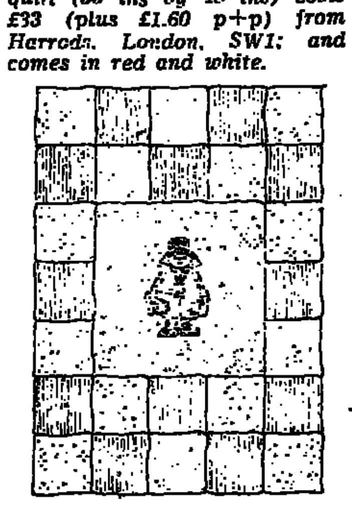


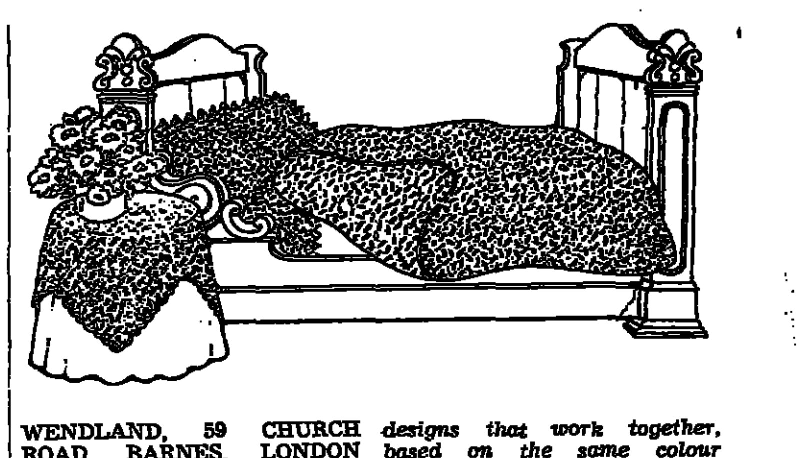
EXIMIOUS, 12A MADDOX STREET, LONDON W1 *sells by mail some of the classicst sheets I know. Sketched far left, they are just plain white fine Egyptian cotton sheets with a row of double-cording and a simple white initial (though, of course, if you are double or even triple-barrelled you can have as many initials as you like). The sheets cost £25.50 (plus £2 p+p) a pair, single size, and £45.50 (plus £2 p+p) king size double, and pillowcases, £11 (plus £1 p+p) a pair. Initials cost £3.50 each—orders take between about 21 and 28 days. A catalogue is available for £1, refundable on first purchase.*

BETWEEN THE SHEETS, 190 KENSINGTON PARK ROAD, LONDON W11 *sells the next three sets of sheets sketched in the drawing. Clark Hanford and Tony Babarik, who run the shop, are frequent Atlantic-hoppers and decided to bring to the British the bright American designs that our transatlantic cousins have been used to for so long. Although American linen has been available here for some time it has been mainly at the smarter stores and at even smarter prices. Between the Sheets seems to me to offer very good prices and for the money you get not just the freshness of the American designs but also the easy-care qualities they care so much about. "Non-iron" really does mean that you don't have to iron them. The three designs, from the left, are Varona by Bassetti, Seven Flowers by Marimekko and Tailor's Check by Wamsutta.*

Between the Sheets prefers to sell bedlinen by the set (ie two sheets—one fitted, one flat—and two pillowcases). Varona costs £22.50 per single size set, £24.50 for double size set to fit 4 ft 6 ins bed. The Marimekko set costs £21.75 single size, £23.25 for ordinary double and £30 for 5ft bed. The Tailor's Check set is £22.75, single, £24.25 ordinary double and £31 for 5 ft bed size. Add £1.50 postage and packing per set.

ALPHABET QUILTS *produces a lovely range of bedlinen for children. The patchwork square is used to spell out names, messages, the entire alphabet, or even feature Paddington Bear, see below. Prices start at about £22 for the cot quilts. Name-to-order quilts take about three weeks and cost from £38. Write to Alphabet Quilts at 1, Haddenham Road, Wilburton, Cambridgeshire for price list and illustrated leaflet enclosing one 20p stamp. The Paddington quilt (35 ins by 48 ins) costs £33 (plus £1.60 p+p) from Harrods, London, SW1: and comes in red and white.*

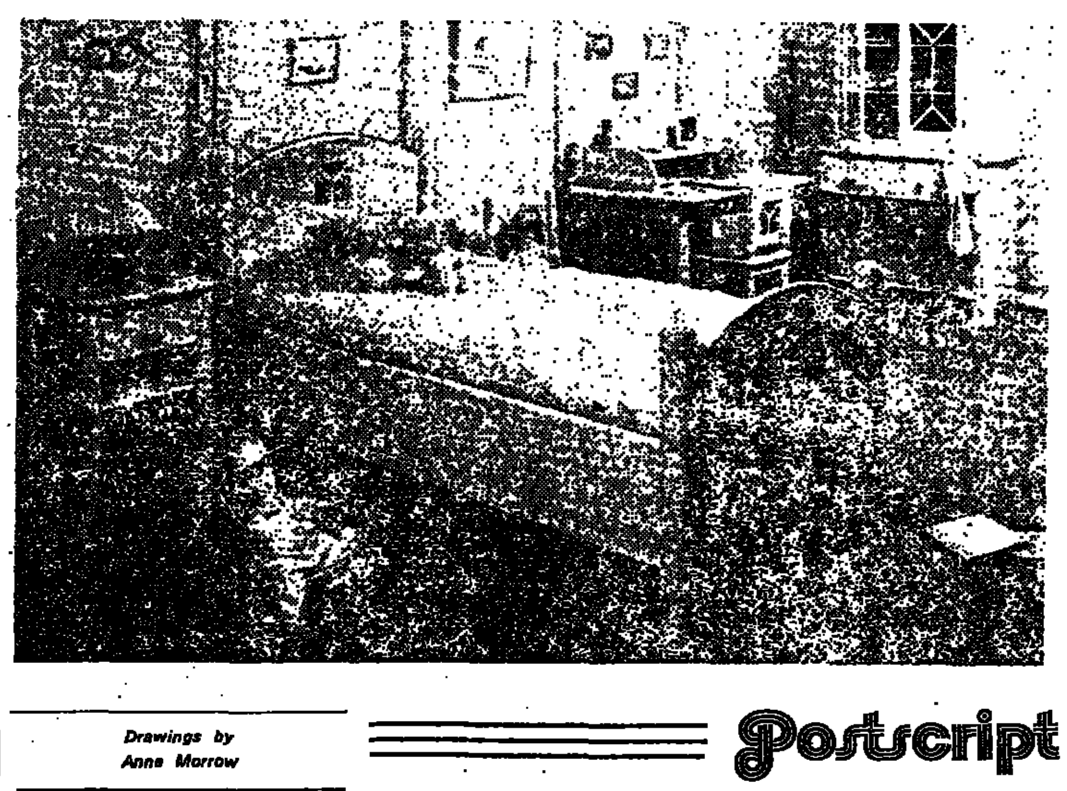




WENDLAND, 59 CHURCH ROAD, BARNES, LONDON SW13 *is a fairly new shop specialising in 19th century French beds, like the one drawn here. They are mainly highly decorative and come in a variety of woods such as cherry, elm, oak, pear and chestnut. They are ¾ beds, which means large for one, but small for two, being just under 4 ft wide. Most people, it seems, use them for spare rooms or what is discreetly called an "occasional double bed." Prices vary between £245 and £295*

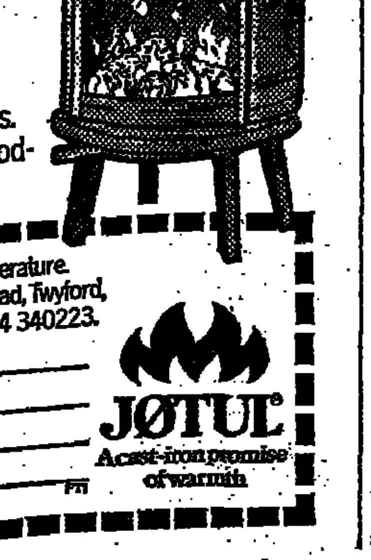
Besides stocking a range of its own bedlinen, Wendland has a good range of pretty linens by the French label Descamps, designed by Primrose Bordier. Madame Bordier specialises in a subtle but very pretty colour range (dusty pinks, sludgy blues, mustardy yellows) and there is a whole series of designs that work together, based on the same colour spectrum. There are also plains that can be used to show off the patterns. Prices are higher than ordinary department and chain stores but not out of this world. The design shown here is called Eventail and comes in pure cotton. Single duvet covers are £18.90 each (plus £1.95 p+p), double duvet covers £23.90 (plus £1.95 p+p), square pillowcases £6.90 each (plus 95p p+p). The shop also sells large French square pillows of curled feather at £7.90 each (plus £1.10 p+p) as well as bolsters, from £16.95 each, single size. Tablecloths can be made to order.

You can see the complete Descamps range of bedlinens, tablewear and other household accessories at the new Descamps shop, 197 Sloane Street, London SW1. A delightfully pretty place.



By far the most charming new furniture that I have seen for ages is this French range from Bruynzeel. Called Arc-en-Ciel, it is solid pine, painted in the most enchanting ice-cream pink, blue or green as well as white and although designed primarily for children, as the bed is full-size it could be used in a spare bedroom or young girl's room. There's a single bed, dresser, bookshelf, desk, wardrobe, chair and bedside table in the range, all with the same sturdy, rounded look. The bed (without mattress or base) costs £225.99, the bedside table £59, the desk £177 and the wardrobe £374.50. Designed by Jean-Claude Maugirard, it is available at Way-In Living, Harrods, London, SW1 and selected outlets. For local stockists write to: Bruynzeel Monta International, Pembroke Road, Stocklake Industrial Estate, Aylesbury, Buckinghamshire.

Drawings by Anne Morrow



Postscript

MOST PEOPLE by now will know that Harrods of Knightsbridge is in the midst of one of its biggest promotions ever. Hoist the Flag is a celebration of all things British and this week the practitioners of crafts both commonplace and esoteric move in. One of the rather more interesting crafts is bookbinding and Orrin and Geer, bookbinders and craftsmen in leather since 1847, has taken a spot in the craft market.

Readers will be able to see bookbinding in progress and they can bring in their hardback books for repair or binding.

Orrin and Geer offers two types of binding services — skiver which includes full-bound, all-leather books with title or name on spine in gold blocks from an existing hardback edition. This would be just under £30. A more luxurious binding with pinseal kid, ornate marbled end papers and blocked inside pages, silk marker ribbons and raised bands on the spine would be just under £50. Besides taking along your old and well-loved books you can also buy a new collection of leather-bound stationery accessories. Produced by Giles Chichester, a director of Orrin and Geer, there's a pocket address book, pocket notepad, cheque book holder, desk address book, desk memo pad and visitors' book.

Known as the Chichester range, it is exceedingly attractive (bound in red Morocco skiver, printed in sepia on cream paper with dark brown end-papers or silk lining and gilt-edge pages) and very well-priced. Look for it at the craft market. Prices start at £4.95 for the pocket notepad, a pocket address book is £5.25 while the visitor's book is £12.25. Patriots will be happy to hear that all the leather and the paper is British.

I've always been fascinated by rag rugs which are a traditional way of using old textiles to make often very beautiful, and in the old days, very economical rugs. Nowadays, of course, you have to pay through the nose to persuade somebody else to provide the labour that most of us are too lazy, too busy or too unskilled to supply. For those who think that one day they might get around to using their old ripped-up sheets for rugs, Rowan Weavers will show exactly how its rugs are made in Harrods craft section. Rowan Weavers has only been going for two and a half years but it seems to be doing very well, using traditional looms to weave natural Berber rugs from British yarns and now it has branched out into rag rugs as well.

The ripped-up sheets are dyed, then beaten up (this is, apparently essential to the finished effect) before being woven into very pretty rugs.

KADO, 33, CURZON STREET, LONDON, W1 *specialises in a whole range of small but exquisite presents. For the spare bedroom, or even the main bedroom, there is this charmingly hand-painted water decanter and glass. Though expensive at £17.96 (plus £1 p+p) there are cheaper, plainer ones on sale that do the job just as well.*

Regular visitors to Hong Kong have for some time been rushing to the men's underwear counters of the Communist emporia to buy the plain, simple silk T-shirts from China. They are marvellously soft and easy to wear, much less bulky and a lot prettier than thermal underwear, can be worn under shirts and dresses in winter, on their own with jeans, trousers or skirts in the summer. That's all very nice for those who are going to Hong Kong, I can hear you say, but what about the rest of us? Well, Liberty of Regent Street, London, W1, is now importing them into this country. Still to be found in the menswear department, first floor, they come in grey, navy, beige or black in sizes 34 ins to 40 ins. Now for the bad news. In Hong Kong they cost between £1 and £1.50 each — at Liberty they are £7.50 each (but still worth it).

●

Aficionados of the Designers Guild style might like to know that from Monday, March 16, there will be a bumper sale at 277 King's Road, London, SW3, of a whole range of Designers' Guild goodies. Fabrics, wallpapers, furniture, cushions and other accessories will be reduced enormously, largely because a new collection of designs is about to be launched and much of the old will be discontinued. Fabrics will be available from £1.50 to £4 a metre, wallpapers will be at £2 a roll while many of the accessories will be marked down by about half. Best bargain of all, if it fits your room and colour scheme, will be the "Jumbo" sofa covered in Paper Roses, reduced from £1,321 to £595.

The sale only lasts for two weeks (ending Saturday, March 28), and the shop is open six days a week from 9.30 am to 6 pm.

ARTS

Scots wha' hae

BY B. A. YOUNG

"We Scots always honour our own," said silly old Drummond in James Rankin's *Native Honours* (Radio 3, Sunday), and that is what was at the bottom of *The Secret Mutiny*, about which we were told again on Radio 4 later the same evening. "Again," because this was a repeat of a prizewinning programme from last year, and worth repeating because I think someone should analyse it from a point of view other than artistic.

The mutiny involved a couple of hundred soldiers from 51 (Highland) Division and 50 Division at Salerno in 1943. The tale as told in this programme, written by George Hume, is that the troops, sick and wounded in North Africa, were invited to rejoin their units, and volunteered at once to do so. But intsead of rejoining their units, they found themselves on the beach at Salerno, drafted to new units that were in sore need of reinforcements, 50 and 51 Division having gone home. When ordered to join these units, they declined to move, and were duly arrested and charged with mutiny.

Mr. Hume has assembled plenty of first-hand evidence from the men involved, alleging that a specific promise was made that they would be sent to rejoin their original units But he produced nothing for the defence. It seems hard to believe that movement orders would have been drawn up for 200 men to go to Salerno, and officers put in charge of the draft, and their destination kept secret from the men. Why was no one from the staff invited to put his case on the programme? Of course everyone at the sharp end despised the staff and thought them out of touch with the real soldiers; but frankly I can't believe that such a monstrous deceit could have taken place.

I think the real trouble started with the Highland Division, a formation noted for its intense inward loyalty. "We Scots always honour our own." Yes indeed: and here is one of the accused soldiers—"We resented being posted to a unit to which we didn't belong, in a division which we didn't belong to." The mutiny wasn't as secret as all that in other parts of Italy, and I remember hearing that one of the defending officers at the Court Martial began his plea, "For three years we worshipped at the altar of General Wimberley" (General Douglas Wimberley, that is, who commanded the Highland Division with great distinction from 1941 to 1943). This seems to have been one of those rare occasions when loyalty was not a virtue.

The programme was presented by Ludovic Kennedy, a pastmaster in promoting a plea for anyone suffering an injustice, especially if it should happen to be a Scot. Did *he* not want to know the other side of the story? To be a Scot and honour your own hardly seems to me a good reason for declining to help comrades in desperate danger of defeat. But then I was on the staff.

Silly old Drummond, who I began with, only comes in at the end of *Native Honours*, but his *obiter dictum* sums up the feeling of the whole play. It's really about Robert Louis Stevenson, but he is turned into Robert Melville so that the facts of his life can be given dramatic alterations. Robert Melville (John Shedden) has settled in Samoa to write his great books and to bring enlightenment to the Samoans, who call him Papa. He thinks of the place as a Paradise, but there is plenty around him that is less than paradisiac. His wife Beth (Diana Olsson) wants to go home and live in Edinburgh. His brother-in-law Tod (John Bett) is gay and fancies Samoan boys. His neighbours include Meachan, a missionary (Henry Stamper), who goes mad, and Beamish, a beachcomber (James Cairncross), who catches leprosy. What's more, he is in the last stages of turberculosis.

This kills him just after he has made a great speech at the opening of a new road. (I don't know why the British were building roads in German Samoa, but never mind.) When he is buried, Beth asks the doctor if she can take the heart back with her to bury in Scotland. What she doesn't know, and I hope never learns, is that the faithful Samoan servant Henry has given her a pig's heart instead, for Melville has told him. "My heart will always be in Samoa." "Don't you know what a metaphor is?" asks Tod indignantly. Mr. Rankin might well believe that Samoans would know what a metaphor was, for his conversation is alarmingly literary. Tod and Beamish both know *Coral Island* by heart and quote it to one another.

Punchbag at the Council

BY ANTONY THORNCROFT

Sir Roy Shaw, secretary general of the Arts Council, is the punch bag of the British arts world. Some of the hammering he receives is pretty consistent — he is always accused of showing political bias by both the right and the left, which rater relieves him. Some of the attacks rise up suddenly. He is currently warding off blows from conservative purists because the Council is sponsoring an art show at the Serpentine Gallery which includes one exhibit which incorporates manure. At the same time, in the other direction, he has to deal with the carping from the community arts lobby about the very high grant, £9m for 1981-82, which the Council has just announced for the Royal Opera House, the dispenser of opera and ballet to a generally élite audience.

Buton top of this farily constant pressure Sir Roy is also fighting another bickering battle. In December the Arts Council at last got round to making some hard decisions. In the past it has always been soft on its 1,200 clients. Once they had been taken on the odds were that they could rely on some Council help for a very long time. But with financial resources limited, and likely to remain so for a good few years to comes, the Council plucked up its courage and dropped 41 companies the better to help more deserving cases.

Sir Roy admits that if the money was available the Council would probably keep on its more doubtful clients with a quiet request for them to pull their socks up. But the grant for 1981-82 of £80m, although representing a generous 11.9 per cent increase from a Government elected to reduce its own spending, is hardly sufficient for the arts even to mark time. The Council's clients had asked for £90m; the Council, more realistically, submitted an £84m request to the Minister for the Arts. The result was probably the best that could be obtained, but with inflation in the labour-intensive arts industry always higher than the Retail Price Index (the Council has just commissioned research from the University of Buckingham which it hopes will prove the point) there was no scope for expansion.

And the problem with Arts Council money is that there is never a steady balance. All the time important new clients emerge expecting cash — this year the Mermaid Theatre rejoins the list after its three-year closure for modernisation; by next year the Barbican arts centre will be making substantial demands on the Council's purse. Then there are changes in public taste. At the moment dance is enjoying a boom in interest. To support this, and encourage touring by dance companies, the Arts Council is raising its aid to the Northern Ballet Theatre by 22 per cent; of the Ballet Rambert by 15 per cent; of London Festival Ballet by still more. Yet another pressure on the Council comes from the companies that find themselves in financial difficulties. In 1980 it was the provincial orchestras that faced yawning losses. The Bournemouth Symphony was on the point of sacking musicians; the Hallé's need was desperate. So five leading regional orchestras are due to get 20 per cent or more in 1981-82.

If these arguments were not enough to justify a policy of winners and losers the very fact that question marks hung over the artistic contribution of some of the companies deprived of aid tipped the balance. Sir Roy Shaw has been asked to justify why certain companies have been dropped. The problem here is that if he said publicly that such and such group was attracting very low audiences or that another was making a mess of handling its finances the chances of the groups getting support from industry, or other sources, to make up the Arts Council short-fall would be lessened. On the question of the sudden timing of the cuts Sir Roy say he was anxious to avoid a long festering wrangle, although he admits that the announcement on a quiet Friday before Christmas was too clever by half. He even agrees that some of the groups were hard done by. The New Shakespeare Company in Regents Park lost out basically because the Arts Council wants to continue shifting resources out of London and into the provinces. Sir Roy is delighted that impressario Mr. Peter Saunders has stepped in and given the company £26,000—its 1980-81 Arts Council grant.

One practical result of the storm over the sacked companies is that the 1981 review will be handled differently. All the Council's clients will be scrutinised more carefully and over a longer period, with hints to improve standards during the year. More reasons might confidentially be given. Fewer companies are likely to be dropped in 1982-83, but there will still be at least a score. There must be: it is nonsense to believe that artistic organisations do not flourish and wither like every other institution. But next time the Arts Council will try to win the propaganda battle—stressing the arts groups that are receiving above average aid, the main point of the exercise, rather than dwelling on the short-comings of the losers, most of who will survive somehow. Even so the Arts Council must wonder whether the £1m saved for re-distribution was worth all the fuss.

Perhaps the issue will die down now. It is remarkable how the arts world is always portrayed as doom-laden and gloom-laden. The facts suggest that the arts have never been healthier. Next week the Palace Theatre re-opens in Manchester. When the Barbican, offering a new home for the Royal Shakespeare and the LSO, gets going, probably in 1982 now, London will have an important new arts complex. Throughout the country regional theatres flourish while the big four national companies, Covent Garden (well on the way to raising the £9m for its extension), the National Theatre, the RSC and the ENO are all in a sound financial state—at least temporarily.

When not obsessed with its critics the Arts Council plans ahead. Sir Roy is pleased with the success of its aid for *My Fair Lady* and *Oklahoma!* By supporting these two commercial propositions not only did many people in the provinces get the chance to see them but the theatres where they played enjoyed a financial bonanza. Now Sir Roy is looking for a variety bill, on the lines of the successful Roy Daniels show, currently packing in audiences in London, which could tour the country with Council support. He would like to promote more light opera and entertainment, although not D'Oyly Carte, which has received a definite thumbs down. Sir Roy is even prepared to talk to the West End commercial managers who are having a bad time at the moment with so many London theatres dark. There might be a way for the Arts Council to help them.

John Diedrich and Rosamund Shelley in Oklahoma! which after opening at Leicester toured the country and is now a hit in London. The Arts Council invested in the production and seems certain to get its money back

The great restraint is, of course, money. Another recipient of support if the cash was available would be the Royal Academy: it fulfils all the Council's requirements as a dispenser of artistic excellence but it would need a considerable sum in aid and without great savings elsewhere the Council is reluctant to assume the responsibility.

Gilman in demand

This has been a good week for anyone owning a painting by the artist Harold Gilman. On Wednesday Sotheby's sold a London street scene by him for £36,000, easily a record price, and yesterday Christie's disposed of a portrait of his wife painted in the same year, 1917, for £26,000. In 1973 the same work had sold at Christie's for £13,000. The anonymous buyer yesterday will have to pay an extra 11.5 per cent in buyer's premium and VAT.

Another very good price in the sale of modern British paintings was the £16,000 for an 1897 drawing by Augustus John of fellow students at the Slade. An early Ben Nicholson "Cornish landscape" sold to the Waddington Galleries for £13,600 while Frost and Reed paid £11,000 for a typical Montague Dawson marine scene. There was an auction record price of £10,000 for a work by Sir John Lavery, "The cigar seller."

A.T.

Redcliffe Ensemble

BY ANDREW CLEMENTS

Thursday's Purcell Room programme, presented by the Redcliffe Concerts of British Music, brought a quite disastrous clash of material. That the organisers' motives were of the highest cannot be doubted; the concert was the first in a planned series that will combine British and Hungarian music. But as the BBC for one can testify, concert promoters do not find their efforts at bold contrasting programme planning well rewarded: to combine as here works by Rawsthorne and Priaulx Rainier with contemporary Hungarian scores offered neither elightenment nor a good audience.

The state of contemporary music in Hungary was not shown in the most favourable light either: the composers included — Ferenc Farkas, Attila Bozay and Istvan Lang—were chosen, the Redcliffe organisers claimed, as being representative of contemporary music in Hungary. But as recent London performances of Kurtag and Durko have shown us, the best of that music is very fine and not at all the pallid, modish writing heard here. The Redcliffe Ensemble was joined for the event by the composer Attila Bozay, who played two of his own works for harp zither and recorders. Both works showed the same childlike delight and confidence in the expressive qualities of arcane sound effects drawn from the instruments; neither did more than tack together these sounds into aleatoric sequences.

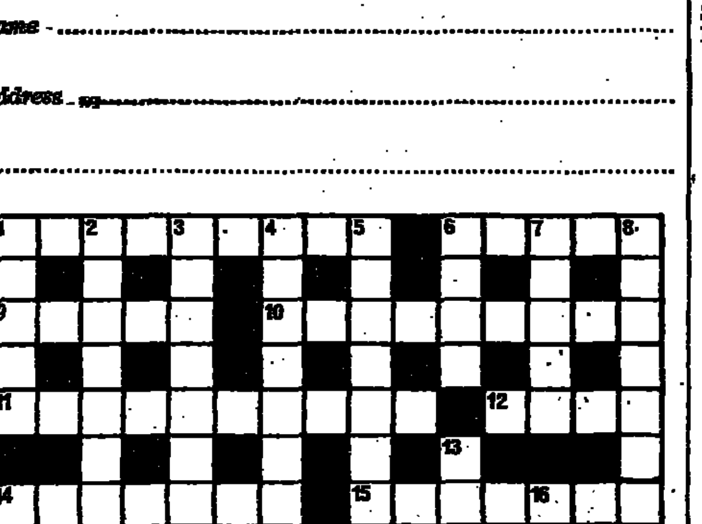
Farkas's *Sonata a due* for viola and cello was a mild and unremarkable essay in extending serial techniques into a Bartokian idiom; Lang's *Constellations* for oboe quartet (excellently played by Robin Canter and the Redcliffe players) showed a clearer organisational mind, but failed to find sufficiently memorable musical images to reinforce the structure. Alongside these pieces Rawsthorne's oboe quartet and Rainier's string trio remained remote and other-worldly; Rainier's trio though, in its tough, intricately worked knots of sound (not as convincingly projected as it might have been), would have repaid the attention all but squandered on the empty fare elsewhere in the programme.

F.T. CROSSWORD PUZZLE No. 4,519

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



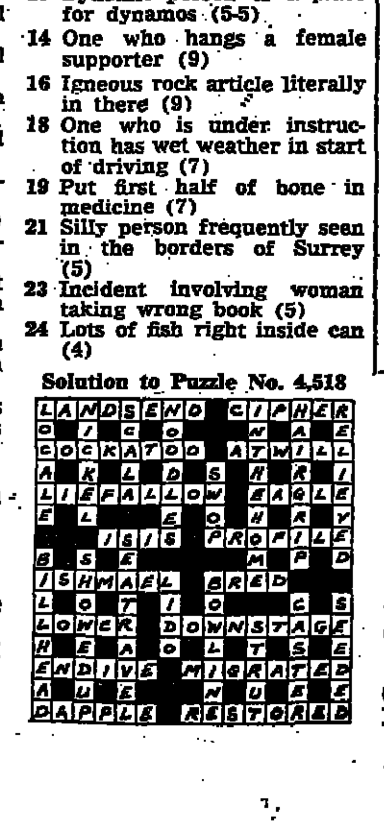
ACROSS

1 Team to beat and divert (4-5)
6 Respond to a stimulus and perform again (5)
9 Be of value to a state I left (5)
10 Principal couple joined by sailors to serve a drink (9)
11 Think it could be intentional (10)
12 Handled non-woven material (4)
14 Rescue everybody from a miser (4-3)
15 Power of a lens in tripod turned to the east (7)
17 Having cash to buy dry-cleaning fluid (7)
19 Stop in front of opening (7)
20 Simple as in early extremities (4)
22 Short paragraph and a part of a sentence to express in other words (10)
25 Word of hesitation in defence out of submission (9)
26 Join a group of soldiers going to first of exercises (5)
27 Fish on a thread (5)
28 Escape from work in principle (9)

DOWN

1 A stoppage to endure (5)
2 Horizontal plane just the same (4-5)
3 Malicious narrator confused late servant (10)
4 Naval officer must get red tape before insect (7)
5 Contracted to be joined together (7)
6 Stone to scratch your head (4)
7 A labyrinth to bewilder (5)
8 Pleasure excursion people take initially is what the doctor may prescribe (9)
13 Dynamic person or a place for dynamos (5-5)
14 One who hangs a female supporter (9)
16 Igneous rock article literally in there (9)
18 One who is under instruction has wet weather in start of driving (7)
19 Put first half of bone in medicine (7)
21 Silly person frequently seen in the borders of Surrey (5)
23 Incident involving woman taking wrong book (5)
24 Lots of fish right inside can (4)

Solution to Puzzle No. 4,518



TV/Radio

† Indicates programme in black and white

BBC 1

7.40-8.30 am Open University (Ultra high frequency only). 9.05 Swim. 9.30 Multi-Coloured Swap Shop. 12.12 pm Weather.
12.15 Grandstand: Football Focus (12.20); Basketball (12.50, 3.10), Racing from Chepstow (1.20, 1.50, 2.20, 2.50); Indoor Hockey (1.40, 2.10, 3.30); Cheltenham Preview (2.40); 3.45 Half-time Football Scores; Rugby League (3.50); 4.40 Final Score.
5.10 Doctor Who.
5.35 News.
5.45 Sport/Regional News.
5.50 The Dukes of Hazzard.
6.35 Jim'll Fix It.
7.10 Nanny.
8.05 The Little and Large Show.
8.40 News and Sport.
8.55 The Saturday Film: "Cold Sweat," starring Charles Bronson.
10.25 Parkinson.
11.25 "Mississippi Days and Southern Nights," starring Glen Campbell.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.45-5.50 pm Sports News Wales.

Scotland — 4.55-5.10 pm. Scoreboard (1). 5.45-5.50 Scoreboard (2). 12.15 am News and Weather for Scotland.

Northern Ireland — 5.00-5.10 pm Scoreboard. 5.45-5.50 Northern Ireland News. 12.15 am News and Weather for Northern Ireland.

England — 5.45-5.50 pm (South West only) Saturday Spotlight.

BBC 2

7.40 am-3.30 pm Open University.
3.45 pm The Sky at Night.
4.15 Play Away.
†4.40 Saturday Cinema: "Task Force," starring Gary Cooper.
6.35 Did you See . . .?
7.10 One Hundred Great Paintings.
7.20 News and Sport.
7.40 Rugby Special (Leicester v Sale).
8.40 The Reef: The Duke of Edinburgh introduces the story of the Great Barrier Reef.
9.40 Arena: "Huston's Hobby" (insight into the life of the film director John Huston).
10.20 News on 2.
10.25 Film International: "Messidor" (French film with English sub-titles).
12.25 am The Old Grey Whistle Test.

BBC2 Scotland only: 3.30 pm Coverage of the Scottish Labour Party annual Conference. 5.10 The Sky at Night. 5.40 Play Away. 6.05-6.35 The Current Account Report: Gatsha Buthelezi.

LONDON

8.25 am Cartoon Time. 8.35 Sesame Street. 9.35 Chopper Squad. 10.30 Tiswas.
12.30 pm World of Sport: 12.35 On The Ball; 1.00 International Sports Special (Part 1) Ice Speedway from Holland; 1.15 News; 1.20 The ITV Six from Sandown and Ayr; 3.00 International Sports Special (Part 2) Table Tennis: England v Hungary; 3.50 Half-time Soccer Round-up; 4.00 Wrestling; 4.50 Results Service.
5.05 Punchlines!
5.35 News.
5.40 Buck Rogers in the 25th Century.
6.35 3-2-1.
7.35 "Doctor at Sea," starring Dirk Bogarde, Brigitte Bardot and James Robertson Justice.
9.15 The Professionals.
10.15 News.
10.30 The Big Match.
11.30 The Monte Carlo Show with Patrick Wayne and Anne Murray.
12.30 am Close: Personal choice with Dr. John Rae.

All IBA Regions as London except at the following times:

ANGLIA

9.20 am Kum Kum. 9.45 The Lost Islands. 10.10 Rocket Robin Hood. 10.30 pm Match of the Week. 11.30 Barney Miller. 12.00 Afloat. 12.30 am At the End of the Day.

ATV

9.10 am Simply Sewing. 9.35 As Good as New. 10.00 Fangface. 7.35 pm Saturday Cinema: "Smash-Up On Interstate 5," starring Robert Conrad and Vera Miles. 10.30 Miss ATV 1981. 10.45 Star Soccer: Highlights of three top matches including a major first division match from the Midlands. 11.45 Quincy.

BORDER

9.10 am Simply Sewing. 9.35 As Good as New. 10.00 Fangface. 7.35 pm Saturday Film: "Smash-Up on Interstate 5," starring Robert Conrad, Buddy Ebsen and Vera Miles. 10.30 Scotsport. 11.30 1981 Butlin's Grand Masters Darts Championship.

CHANNEL

5.42 pm Puffin's Pla(i)ce. 7.37 TV Movie: "Smash-up on Interstate 5." 11.30 Quincy.

GRAMPIAN

9.05 am Simply Sewing. 9.35 Sesame Street. 7.35 pm Feature Film: "Smash-Up on Interstate 5," starring Robert Conrad and Vera Miles. 10.30 Scotsport. 11.30 Reflections. 11.35 Baretta.

GRANADA

9.15 am No Need to Shout. 9.40 As Good as New. 10.05 Bailey's Bird. 7.35 pm Saturday Night at the Movies: "Smash-Up on Interstate 5," starring Robert Conrad. 10.30 Match of the Night. 11.35 Lou Grant. 12.30 am Dudley Moore, in Concert.

HTV

9.10 am As Good As New. 9.35 No Need to Shout. 10.00 The Undersea Adventures of Captain Nemo. 10.05 Spiderman. 5.39 pm HTV News. 7.35 "A Man Called Sledge," starring James Garner and Dennis Weaver. 11.28 HTV Report Sports Headlines. 11.30 Hagen.

HTV Cymru/Wales—As HTV West except: 5.05-5.35 pm Sion a Sian.

SCOTTISH

9.10 am Simply Sewing. 9.35 As Good as New. 10.05 The New Fred and Barney Show. 7.35 pm Feature Film: "Key West," starring Stephen Boyd, Woody Strode. 10.30 Scotsport. 11.30 Late Call. 11.35 Baretta.

SOUTHERN

8.50 am God's Story. 9.05 Sesame street. 10.00 Clapperboard. 10.27 Regional Weather Forecast. 7.35 pm "Madame Sin," starring Bette Davis. 11.30 Southern News. 11.35 Lou Grant.

TYNE TEES

9.00 am Saturday Shake Up. 9.05 BJ and the eBar. 9.50 Saturday Shake-Up. 9.52 Butch Cassidy. 10.20 "Ali Baba and the 40 Thieves." 11.50 Saturday Shake-Up. 5.40 pm North East News. 10.30 Shoot! 11.40 Doctor Down Under. 12.10 am Three's Company.

ULSTER

9.15 am No Need to Shout. 9.40 As Good as New. 10.05 Fangface. 10.25 Sesame Street. 11.25 Larry the Lamb. 11.35 Tarzan. 5.00 pm Sports Results. 5.39 Ulster News. 7.35 Feature Film: "Smash Up on Interstate 5," starring Robert Conrad, Buddy Ebsen and Vera Miles. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

9.30 am Mork and Mindy. 9.55 Look and See. 10.00 Fangface. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 5.42 Scoreline. 7.35 TV Movie: "Smash-Up On Interstate 5," starring Robert Conrad. 11.30 Quincy. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.00 am Simply Sewing. 9.25 Spiderman. 9.40 Tarzan. 10.30 pm The Big Game: Derek Dougan introduces highlights from a top local game, plus action from two other big matches. 11.30 SWAT.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.30-7.30 In Concert, featuring Madness (S).

RADIO 2

5.00 am Tom Edwards (S). 8.05 David Jacobs presents Star Sounds (S). 10.00 Pete Murray's Saturday Show (S). 12.00 The Magic of . . . Nelson Riddle (S). 1.00 pm Tom Mennard tells Local Tales, and at 1.15 The Baby Grand Song Factory. 1.30 Sport on 2: Football (1.30, 2.00, 2.30, 3.00, 3.45, 3.55, 4.42); Rugby Union (1.30, 2.20, 3.20, 3.50); Racing from Sandown (1.30, 2.45); Cricket: Third Test—West Indies v. England from Bridgetown, Barbados; 5.00 Sports Report including 5.00 Classified Football Results. 5.25 Rugby Round-up/Cricket Report. 5.45 Classified Racing/Football Results. 6.00 European Pop Jury. 7.00 Beat the Record. 7.30 Big Band Special (S). 8.00 Saturday Night is Gala Night (S) including 8.40-9.00 Ian Wallace talks about his nights at the opera. 10.00 The Mitchell Minstrels (S). 10.30 Band Parade with The Peter Dennis Big Band (S). 11.02 Sports Desk. 11.10 Peter Marshall with The Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 Bandstand (S). 11.45 Diversions (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Music Interlude. 2.25 Test Match Special: Cricket—Third Test, West Indies v. England. 5.00 Jazz Record Requests with Peter Clayton (S). 5.30 The Operas of Richard Strauss: "The Woman Without a Shadow," from the Dominion Theatre, Tottenham Court Road, London, Act 1 (S). 6.40 The Poetry of David Jones. 7.05 "The Woman Without a Shadow" (Die Frau ohne Schatten), Act 2. 8.20 Critics' Forum. 9.15 "The Woman Without a Shadow" (Die Frau ohne Schatten), Act 3. 10.30 Brahms chamber music (S). 10.55 In a Nutshell. 1.00 News. 11.05 Telemann (S). 11.15-11.30 Test Match Special (review of the day's play).

VHF—with Medium Wave except as follows: 5.55-7.55 am Open University. 2.00-5.00 pm Play It Again (S). 11.15-11.55 Open University. 11.55 pm-12.55 am Open University for students in Radio Scotland and Radio Cymru areas only.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 Just a Minute (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Wildlife. 2.30 Wuthering Heights by Emily Bronte (S). 3.25 Medicine Now. 3.55 When Men and Mountains Meet. 4.40 Profile: Walter Cronkite. 5.00 Thicker Than Water. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs with playwright, Peter Nichols (S). 6.55 Stop the Week with Robert Robinson. 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Odyssey. 11.00 Lighten Our Darkness. 11.15 Instant Sunshine and . . . (S). 11.45 The Armchair Traveller. 12.00 News.

TV Ratings

w/e March 8

UK TOP TWENTY (viewers m)

1	This Is Your Life (Thms.)	18.65
2	Coronation St. (Wed.) (Gran.)	18.40
3	Coronation St. (Mon.) (Gran.)	18.05
4	The Seven Dials Mystery (LWT)	17.60
5	Holding The Fort (LWT)	16.50
6	3-2-1 (YTV)	16.00
7	Crossroads (Wed.) (ATV)	15.95
8	Family Fortunes (ATV)	15.70
9	Crossroads (Tues.) (ATV)	15.50
10	Open All Hours (BBC)	15.05
11	Our Man Flint (ITV)	14.70
12	Top Of The Pops (BBC)	13.95
13	Partners (BBC)	13.90
14	Jim'll Fix It (BBC)	13.70
15	Nature Watch (ATV)	13.65
16	Hi De Hi (BBC)	13.55
17	Starburst (ATV)	12.95
17	Buck Rogers in the 25th Century (ITV)	12.95
19	Dallas (BBC)	12.65
20	Janet And Company (Thms.)	12.50

TV RATINGS
Week Ending March 8
Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1	M.A.S.H. (comedy) (CBS)	27.4
2	60 Minutes (news) (CBS)	26.7
3	Dukes of Hazzard (comedy) (CBS)	25.5
4	Alice (comedy) (CBS)	25.4
5	Little House on the Prairie (drama) (NBC)	25.2
6	Jeffersons (comedy) (CBS)	24.9
7	Love Boat (comedy) (ABC)	23.7
8	House Calls (drama) (CBS)	23.7
9	Happy Days (comedy) (ABC)	23.5
10	Dukes of Hazzard (comedy) (CBS)	23.4

CHESS SOLUTIONS

Solution to Position No. 362

1 . . : B-B7; 2 QxQBP,BxP ch; 3 K-N5,BxP ch! 4 QxB,QxR; 5 Q-QP,Q-Q6 ch and White resigned. Black exchanges queens with a simple win.

Solution to Problem No. 362

1 P-B4(threat 2 N or RxQP), BxP; 2 NxQP, or if RxP; 2 RxQP, or if PxP ep; 2 R-QB4; or if Q-B5 ch; 2 R-K5, or if P-K4; 2 R-B6, or if BxR; 2 NxKP.

Solution and winners of Puzzle No. 4,513

Ms. S. Bridges, 88 Greenfield Gardens, London N.W.2.

Mr. J. W. Newton, Swiss Cottage, Grevel Lane, Chipping Campden, Glos. GL55 6HS.

Mrs. M. Pancheri, 7 Sycamore Close, Long Crendon, Aylesbury, Bucks. HP18 9BN.

COLLECTING

Photography's Bible

BY JANET MARSH

EVERY photographic collector, I suppose, has the same dream: to possess a copy of *The Pencil of Nature*, a book whose importance in photographic history, according to the American historian Beaumont Newhall, is "comparable to that of the Gutenberg Bible in printing."

It is not far behind the Gutenberg Bible in rarity. Not more than 30 complete copies are know to exist. Four years ago a fair and complete copy brought £18,000 at Sotheby Belgravia and a few months later Parts I to IV made £10,000.

On March 27 the same saleroom is to sell an incomplete set, four of the original six parts in which the book was issued.

The importance of *The Pencil of Nature* is manifold. It was the first book in the world illustrated by photographs. It was the first instance of a mass production of photographs. It is also a singularly attractive and large collection of the early work of one of the greatest pioneers of photography, William Henry Fox Talbot.

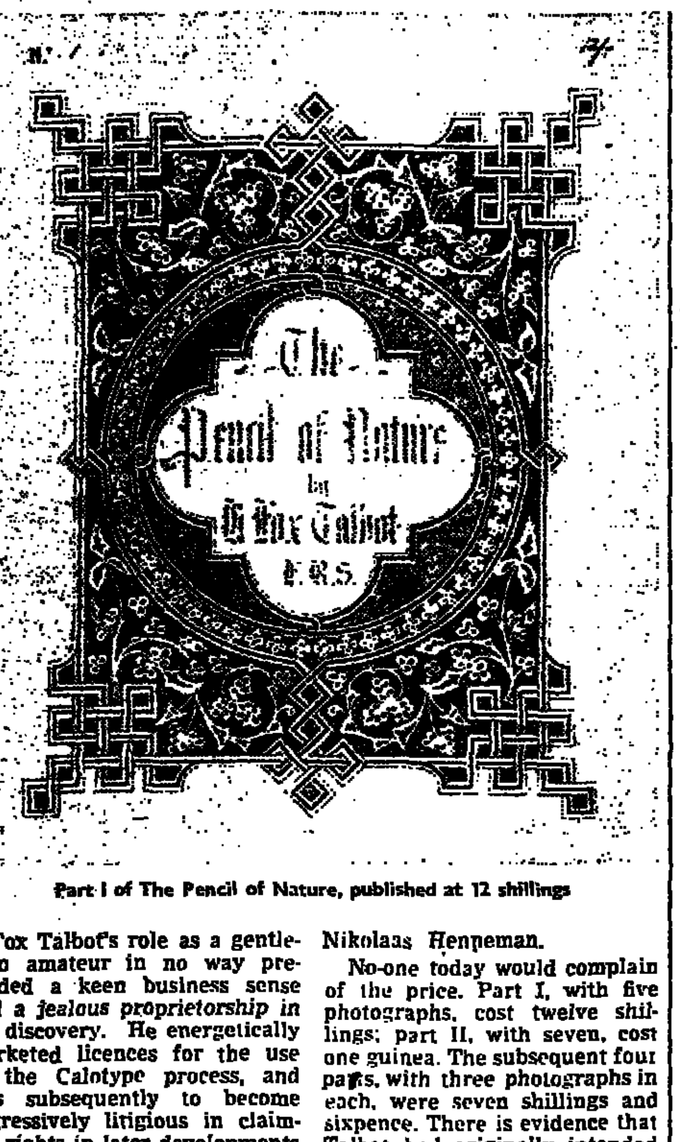
Talbot was a landed gentleman, the proprietor of Lacock Abbey in Wiltshire. Born in 1800, his character as an amateur scholar seemed more characteristic of an earlier age. He dabbled in all branches of science, contributed to the scholarly mathematical journals, invented and patented an internal combustion engine, wrote on folklore, Egyptology and classical mythology.

Talbot's introduction to *The Pencil of Nature* is a lively account of his most historic contribution to science. In 1833 he was holidaying by Lake Como, and struggling to sketch with the aid of the *camera lucida*.

He then turned to an older instrument, the *camera obscura*, which closely resembles an elementary modern camera, in throwing an image of the scene before it onto a ground glass screen, from which the artist can trace outlines.

As a scientist, Talbot was well aware that light acts upon *certain chemicals* to *darken* them. Intermittently over the next few years he experimented with papers soaked in various silver salts. He was finally hurried into improving and publishing his process of "photogenic drawing" by the news that Louis Jacques Mandé Daguerre, in France, was on the point of announcing his own photographic method.

In fact the Calotype or Talbotype, as it came to be known, was very different from the Daguerreotype. The Talbotype used a negative and positive, permitting the production of any number of paper prints. The Daguerrotype produced only a single positive print, on metal.



Part I of The Pencil of Nature, published at 12 shillings

Fox Talbot's role as a gentleman amateur in no way precluded a keen business sense *and a jealous proprietorship in* his discovery. He energetically marketed licences for the use of the Calotype process, and was subsequently to become aggressively litigious in claiming rights in later developments in photography. In 1843 he set up a photographic establishment at Reading, under the management of his former valet, Nikolaas Henneman.

No-one today would complain of the price. Part I, with five photographs, cost twelve shillings; part II, with seven, cost one guinea. The subsequent four parts, with three photographs in each, were seven shillings and sixpence. There is evidence that Talbot had originally intended to continue the work beyond these six parts; but the book was completed in twenty-four pictures.

Eye-catching Mahonias

GARDENING

ARTHUR HELLYER

OF ALL the hardy shrubs that flower in winter the most spectacular in my view are the various forms of *Mahonia media*. I would give pride of place to *M. lomariifolia* were it possible to describe it as fully hardy but this I cannot do.

It is, nevertheless, a remarkable and beautiful evergreen well worth trial wherever there is a sunny sheltered spot that seems reasonably suitable for it. The leaves, like those of most mahonias, are composed of numerous holly-like leaflets, in this species arranged along a central stalk that can be two feet long. All these leaves tend to get crowded in big circular clusters at the tops of the stoutly erect stems so that the effect can be very striking. The small yellow flowers are closely packed in slender spikes which are themselves carried in shuttlecock clusters, one in the centre of each huge rosette of leaves.

It could be considered a fault that, as this shrub grows upwards *(and it can reach a considerable height)* it loses most of its lower leaves so that old plants present an almost palm-like appearance, yet in a way this rather gaunt habit is part of the *charm of the plant*, adding to its distinctiveness and giving it a unique decorative value in the right place.

Mahonia media scores in having nearly all the good points of *M. lomariifolia* plus reliable hardiness. It is a hybrid between this mahonia and the very much hardier *M. japonica* and all forms of the hybrid so far distributed seem to have inherited this ability to withstand cold. In nearly all respects, including the large, stiff terminal clusters of shining green leaves, these hybrids closely resemble *M. lomariifolia* and, as they flower freely in mid winter on into early spring, it is small *wonder that they are rapidly* becoming the most popular of all mahonias.

The variety that was first marketed and is still by far the easiest to purchase is Charity. It occurred as a chance hybrid among a large batch of seedlings of *M. lomariifolia* raised at the Slieve Donard Nursery in Northern Ireland some time in the 1940s. Sir Eric Savill, examining the seedlings in their nursery bed, thought he detected a slight difference in three of them and marked them for purchase and replanting in the Savill Garden in Windsor Great Park. When they eventually flowered it was clear that they were not pure *M. lomariifolia* but were hybrids probably with *M. japonica* as the accidental pollen parent and so Sir Eric, grateful for getting such a fine novelty so cheaply, named the best of the trio Charity.

In fact he did not spot all the *hybrids* in the Slieve Donard nursery bed and later the owners of Slieve Donard themselves named and distributed one distinctive form with very erect flower spikes under the name Winter Sun. Meanwhile Sir Eric had been busy raising self pollinated seedlings from Charity and found such a variation among them that he gave two of them names, calling one Hope and the other Faith.

Yet even this does not end the story of *Mahonia media*, as the hybrid was by then known. Mr. Lionel Fortescue, a skilful amateur gardner in Devon, decided to make deliberate crosses between the two original species and from these he raised a large number of seedlings, among them two which, in the long run, may well prove to be the best of the lot. One he called Buckland after Buckland Monachorum where he lives and the other Lionel Fortescue. Buckland has a very wide, lax flower cluster, a characteristic it inherits from *M. japonica* which spreads its slender spikes of pale yellow flowers almost horizontally like the spokes of a wheel. Lionel Fortescue differs in having erect clusters made to seem extra dense because *they are branched. Individual* flower spikes can be up to 16 inches long, they are bright yellow and sweetly scented like those of *M. japonica*.

It would be a good thing if these new and exciting hybrids directed public attention to the mahonia family as a whole for it contains a number of beautiful and useful shrubs. The best known *is Mahonia aquifolium*, the Oregon grape, so called because its clusters of blue-black fruits look a little like tiny grapes. The leaves are formed of numerous holly-like leaflets much like those of Charity except that they are far less stiff. The habit of the plant is also quite different, much shorter and more branched with foliage to ground level. The yellow flowers are produced in rounded clusters and are at their best in April and May though, given sufficiently mild weather, some can be opening weeks earlier than that. It is an excellent shrub for a small hedge up to three feet high.

Yet another mahonia lies almost flat on the ground, spreading indefinitely by suckers. Its name is *Mahonia repens* and its leaves and flowers are much like those of *M. aquifolium* but the leaves have no gloss and this makes them less attractive. Nevertheless this is a useful shrub with which to bind soil on a bank *and it will thrive in sun or* partial shade.

My own favourite mahonia is rather a mystery plant since the experts cannot agree whether it is a true species which grows wild somewhere or perhaps is a hybrid which has occurred accidentally in a garden. So it appears in different catalogues under different names but the most valid of these at the moment appears to be *M. Undulata*. It looks much like *M. aquifolium* but can be twice as tall and the leaves are always very glossy and wavy which *adds to their attractiveness. It* flowers freely along the branches and the flowers are a good deep yellow.

Once rubbish, now it's art

ALTERNATIVE INVESTMENT

VALERIE MOLIN

INVESTMENT in art over the past 20 years has generally yielded higher returns than shares bought on either Wall Street or in London. That is the conclusion of a special report issued by the Economist Intelligence Unit* which based its findings on auction sales in the U.S. and Britain between 1960 and 1979. And as a world recession grows, art as an alternative investment is becoming increasingly attractive.

This is especially the case in Victorian art, which is experiencing an extraordinary revival of interest. "Just 10 years ago," *says Mr. Peter Nahum*, head of the Victorian paintings department at Sotheby's Belgravia, "Victorian paintings were considered rubbish."

An excellent example of the revival of Victorian art is enjoying can be *seen* in a painting by Alma-Tadema entitled "The Finding of Moses," which was commissioned in 1902 for £5,250. In 1960 a buyer could not be found.

Last April Alma-Tadema's lost masterpiece "Caracalla and Geta" fetched £145,000 at Sotherby's auction of Victorian paintings and watercolours. Before that the last time a major work of Alma-Tadema was auctioned by Sotheby's was in November, 1973, and at that time the painting fetched £30,000. This year one of his paintings fetched £110,000.

Another record was also set at Sotheby's Victorian sale when "The Heart of the Rose" by Burne-Jones was auctioned for *£130,000. The previous record* for a Burne-Jones oil painting was £48,000 which was paid for his "Green Summer" in May, 1979.

Why the dramatic increase in prices? Mr. Nahum says that the world is becoming saner in its attitude to works of art. Currently the imbalance in the art world is being redressed and English art is being reassessed. No longer can a Victorian masterpiece be had for as little as £30,000 when an Impressionist painting by Renoir can easily command over £700,000.

Victorian paintings are now coming into their own and as a result their investment potential is considerable—a fact which more and more investors on both sides of the Atlantic are beginning to realise.

Traditionally the American art market has been geared to contemporary art, but Mr. Nahum says that this is changing. Sotheby's sale of 19th-century European paintings in New York last May gave clear evidence of the growing interest in the field. In its most successful sale of this type in either London or New York, Sotheby's auctioned Turner's famous "Juliet and the Nurse" for $6.4m, an auction record for any work of art.

The top quality Victorian *paintings are fetching* better prices than ever and the recession should not alter this. In contrast, a recession tends to affect the lower end of the art market where inflated prices are being *brought closer into* line. Generally, the art market has had a record of keeping pace with inflation. According to Mr. Nahum, people have done exceptionally well and even with a *mild recession*, art works should not really suffer.

What advice does Mr. Nahum have for potential investors in Victorian art? Whatever the size of the investment, items of *quality should always be sought.* Because he considers art a long-term investment, he suggests that investors should buy paintings they can "live with" for several years.

For example, an investor could now do very well in watercolours or in paintings that show people in historical (that is pre-Victorian) dress rather than contemporary dress. Such paintings are currently out of fashion and can be picked up for roughly one-tenth of their contemporary counterparts.

Before buying Victorian art, or other schools as well, Mr. Nahum strongly urges investors to do the necessary research about the technical quality of the painting, the reputation of the artist and the price. If the individual investor does not have the time, or the knowledge, expert advice should always be sought.

Otherwise, he says, "you're in trouble."

Mr. Alex Apsis, a colleague of Mr. Nahum's, shares these sentiments. He recommends that investors hold paintings at least five years to gain maximum benefit. Mr. Apsis believes that relatively few people think only in terms of investment when they buy a painting—thus the importance of "actually liking what is bought." And Mr. Apsis cautions: "In general people who have bought any art only for investment have lost."

* Art as Investment, £30 from the EIU, Spencer House, 27, *St. James's Place, London SW1.*

The year of European folklore

STAMPS

JAMES MACKAY

THE SWEDISH Post Office recently introduced a booklet *for automatic vending machines* containing pairs of five stamps, in denominations from 10 ore to 1krone. The stamps designed by Svenolov Ehren and engraved by Martin Morck, have drawn on the rich field of Norse mythology. They depict Freya, goddess of fertility, love, life and death, in her chariot drawn by cats (75 ore), Heimdall, guardian of the rainbow (15 ore), Thor, god of thunder (10 ore), Frey, god of peace and ruler of rain and sunshine (50 ore) and Odin, foremost of the Viking gods, mounted on his eight-footed steed, Sleipner (1 kr).

Folklore is such a fascinating subject that it is curious that it has not been exploited by stamps more thoroughly. The European Postal and Telecommunications Conference (CEPT) decided that the theme of this year's Europa stamps should be folklore but the term has been interpreted so loosely by some of the participating countries as to produce the most disparate series under the *Europa aegis so far.*

Typical of the wide-ranging interpretation given to this theme is the set of four issued by the British Post Office on February 6. The stamps were designed by Fritz Wegner, best known hitherto for his Christmas stamps of 1966 and 1979 which both drew heavily on medieval woodcuts for their inspiration.

The latest folklore series is in the same medieval vein. Having rejected the obvious *folk-tale* approach, *Mr. Wegner* decided to give the stamps a seasonal flavour, and this resulted in the unusual mixture of St. Valentine's Day (14p), Morris Dancers (18p), Lammastide (22p) and medieval mummers associated with December (25p).

Perhaps the powers-that-be had forgotten that they had *already included Morris* dancers (somewhat irrelevantly) in a set of 1976 intended primarily to celebrate the 800th anniversary of the Royal National Eisteddfod.

Once again the impression is conveyed that only England has anything worth putting on a stamp. While one was prepared to concede last year that only England had produced lady novelists of note, it was surely not too much to expect that a folklore series would draw *impartially on the rich mythology* of Scotland, Ireland and Wales as well as England.

Not so the offshore islands, which issue their own stamps, and both Jersey and Guernsey *will be producing* sets whose motifs are derived from their own distinctive folklore. Jersey *is issuing four stamps, in pairs* of 10p and 18p, on April 7.

The designs by Jennifer Toombs, show scenes from the Easter voyage of St. Brelade (otherwise the Irish St. Brendan the Navigator) and the medieval legend of La Hougue Bie, a bloodthirsty tale of treachery and murder. The Guernsey pair, by Clive Abbott, to be released on May 22, illustrate the legend of "The little fellow Andriou" (12p) and the mythical origin of the national flower, the Guernsey lily (18p).

Both Greece and Cyprus, countries noted for the wealth of their classical mythology, have opted instead for the *British solution, each issuing* two stamps on May 4 with the theme of folk dancing.

Greek mythology, however, has not been entirely overlooked, since Gibraltar has *taken the opportunity to illustrate* the legendary origins of the Straits of Gibraltar. Alfred Ryman designed the two stamps, lithographed by Enschede and issued on February 24. The 9p depicts the most famous of the Greek heroes, Hercules, ripping a passage through the Straits to allow the waters of the Atlantic into the Mediterranean basin, while the 15p shows him standing astride the rocks flanking the Straits, and ever afterwards known as the pillars of Hercules.

France, and the French postal authority in the principality of Andorra, have selected regional dances for the subject of their stamps.

RACING

DOMINIC WIGAN

A NUMBER of hurdlers who were supported at long odds to land the Schweppes Gold Trophy are among the runners for today's William Hill Imperial Cup at Sandown, where racing should go ahead, barring a deterioration in conditions.

This afternoon's field of 16 (the same as a year ago) has undoubtedly been strengthened as a result of the abandonment of the £20,000 Newbury race and with holding ground a certainty it will be a bold punter who treats *it* with anything but caution.

Although Random Leg's chance cannot be dismissed, *following his success over* Mount Harvard, Bird's Nest and company at Fontwell, I doubt if he (or any hurdler in the country with the exception of Sea Pigeon) is capable of landing one of the most competitive post-war Imperial Cups off 11 stone 13 lb.

Two better propositions look to be Applalto and Upton Bishop.

Applalto, the chief sufferer at Leopardstown on December 27, *where some forceful riding by* one or two members of the "home team" left him bruised and hopelessly positioned with only two flights to the finish, was comprehensively beaten at Fontwell. However, in contrast to Random Leg, he seemed singularly unsuited to the sharp Sussex track and it is worth noting that he tends to produce his best form over today's course.

Applalto, who meets Random Leg on 6 lb better terms than when they clashed in the National Spirit Challenge Trophy, gained his most recent success here, when defying top weight against Rushmere in a valuable sponsored handicap over two miles last season.

Upton Bishop, 13 lb beneath Applalto and receiving 27 lb from Random Leg, is a proven mudlark who inexplicably lost his position at the halfway point in an amateur riders' event at Fontwell half an hour after the National Spirit. A firm favourite for that event, Upton Bishop *was running* on best of all at the finish and is another sure to be better suited by this more exacting course.

SANDOWN

1.45—White Heron
2.15—Charlie Muddle
2.50—Upton Bishop***
3.20—Spartan Missile
3.55—Albury Lad
4.30—Kilroy Manor

AYR

1.30—Trollius
2.00—Father Delaney
2.30—Deep Money*
3.00—High Diver
3.30—Gayle Warning**
4.00—Lakeland Lady
4.30—Lyne Mill

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Saturday March 14 1981

Index-linking consequences

AMID THE political furore developing over the Budget, it may seem odd to suggest that a mere "technical" reform on the gilt-edged market is of greater importance than the Chancellor's controversial fiscal judgment or his restatement of the monetary targets or the regressive impact of his tax changes. But for the unemployed and for the directors of hard-pressed manufacturing companies, as well as for long-term investors of all kinds, the Government's acceptance of index-linked borrowing could mark a watershed more important than the fiscal U-turn that many of them persist in expecting, despite the Prime Minister's emphatic denials.

Foreign inflows

The immediate significance of the index-linked gilt lies in the fact that it could prepare the way for the removal of one of the most important obstacles to a substantial and rapid decline in interest rates: the need to sell long gilts to a market which will not buy them unless it anticipates that interest rates are set to fall still further.

The issue of indexed gilts, particularly if ways can be found of extending their availability to investors other than pension funds without attracting foreign inflows, should greatly ease the task of funding the Public Sector Borrowing Requirement without needing at times to manipulate short-term interest rates upwards. It could also, in time, reduce substantially the large sums of public money which are spent on debt servicing and merely have to be borrowed back from investors.

If the first issue of index-linked stock is as successful as initial reactions to the prospectus indicate that it may be, there is a good chance that further issues would be able to mop up excess liquidity in the economy quite rapidly and bring the money supply figures well within the Government's new targets. This should enable short-term interest rates to fall again without appearing to undermine the Government's medium-term financial plan: and it is on low interest rates that the whole case for expecting the Government's strategy to pull British industry out of the recession depends.

Of course, the very help which an index-linked stock can give to a government seeking to reduce interest rates while controlling monetary growth has traditionally been one of the strongest arguments against such stocks being issued. Without the need to answer to the gilt-edged market so directly for its actions there could, in theory, be less pressure on the Government to contain its borrowing. If the prospect of higher inflation makes the purchase of government bonds more attractive, rather than less attractive, it would seem that fiscal extravagance could be reconciled with monetary stringency. Fortunately the Government's other actions in last week's Budget suggest that, for the time being at least, this is not a danger. Thus from the point of view of market confidence, this will be a good time to launch the new index-linked instrument.

Whether future governments can be relied on to use index-linked borrowing prudently is a question which the markets are now anxiously pondering. The answer must surely be that political pressure, rather than market pressure, should be the primary anti-inflationary force operating in a democratic society. Many investors may not find this very reassuring: there are certainly those who consider that the acceptance of index-linking paves the way for hyper-inflation

Greatest danger

They should remember two facts, however. One is that it was the public and not the financial markets which gave Mrs. Thatcher her large majority in the last General Election. Her victory was based substantially, though not entirely, on the promise of putting the fight against inflation above all other economic priorities. Even in the depth of the present recession, it is remarkable what a powerful resonance that commitment continues to have in the public mind. The idea that inflation is the greatest long-term danger to a nation's economic well being is now one of the points on which the consensus in Britain is strongest.

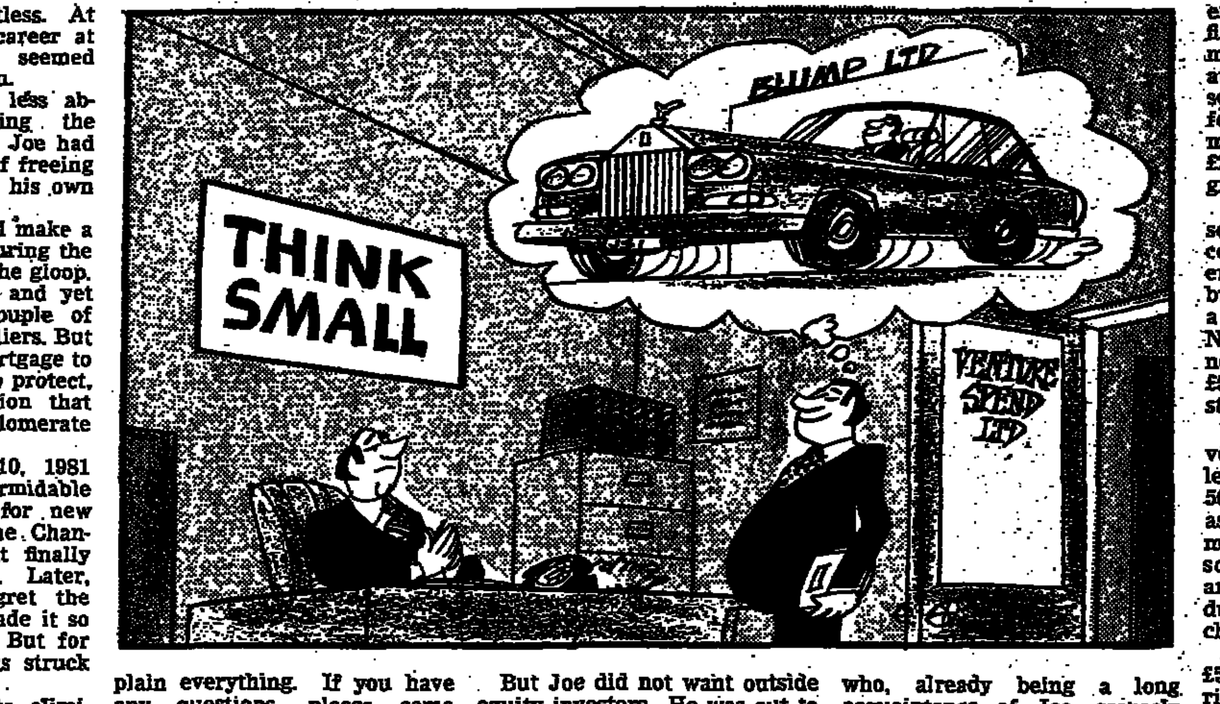
The second, and even more fundamental, point is that a government which is determined to be irresponsible in its financial policies cannot ultimately be prevented from doing damage by the fiancial markets. It was only when the need to curb monetary growth became widely accepted by politicians of both major parties that the famous "Duke of York" effect gave the gilt-edged market its power. A government that was hellbent on raising public spending or cutting taxes without regard for the inflationary consequences could do so with index-linked bonds or without them, simply by abandoning money supply targets altogether.

In sum, the issue of index-linked bonds has wide ranging and in some ways disturbing consequences. But at least it will give governments the chance to be honest with investors and to ensure that future taxpayers, who will have to pay the interest bills contracted today, see success in combating inflation as a blessing and not a curse.

SMALL BUSINESS AFTER THE BUDGET

The perils of blump making

By Ian Rodger



JOE SMITH was restless. At 36, his marketing career at Conglomerate Ltd. seemed to have struck a plateau.

As he had become less absorbed with managing the group's gloop business, Joe had dreamed increasingly of freeing himself and setting up his own business.

He was sure he could make a decent living manufacturing the blumps that went into the gloop. The market was huge and yet there were only a couple of often troublesome suppliers. But he had a family and mortgage to support and comforts to protect, especially in a recession that had forced even Conglomerate to rationalise.

It was the March 10, 1981 Budget with its "formidable array of incentives" for new small businesses, as the Chancellor had put it, that finally pushed Joe into action. Later, he would bitterly regret the way the Budget had made it so easy to raise £38,000. But for the moment, two points struck him.

The Budget's offer to eliminate tax on redundancy payments of up to £25,000 (previously the ceiling was £10,000) reminded him of Conglomerate's generous voluntary redundancy scheme. He had already worked out that he could get £15,000.

And the proposal to raise the ceiling on the low 40 per cent tax rate on profits of small companies from £70,000 to £80,000 made him think, however illogically, of his own unimpressive salary.

As he lay in bed that night, he became increasingly excited as potential blump figures jumped into his head, fused and multiplied. Eventually he got out of bed and scribbled his calculations down on paper.

The next morning, his figures looked less authoritative than when he had conjured them up—but he was determined to press forward this time. Having seen the Department of Industry's advertising for its small firms service, he dialled the operator, asked for Freefone 2444 and made an appointment for later that morning.

The department's advisor was polite, even respectful, but offered no immediate comment on Joe's proposal.

"Here is a booklet," the advisor said. "This will explain everything. If you have any questions, please come back."

Joe read the booklet but it did not have the precise information he needed and so returned to the centre and asked specifically for financial advice. The advisor suggested seeing an accountant.

Joe was soon ushered into the office of Mr. Dare, a partner in the national accounting firm of Sharp and Sharp. Mr. Dare, who worked on large corporate accounts and handled wealthy private clients, listened carefully to Joe's outline for a factory that would produce 2m blumps a year.

That represented only ½ per cent of the total market and, at the current price, might yield a healthy pre-tax profit of £5,000 a year. That represented a 20 per cent return on the proposed total capital of £40,000 and an even greater return on equity if a substantial portion could be raised through borrowings.

Mr. Dare was impressed and told Joe to come back if the bank was not interested. Some of Dare's private clients had already been on to him in a state of high excitement about the potential for avoiding tax by investing up to £10,000 a year in new small businesses, as proposed in the Budget.

But Joe did not want outside equity investors. He was out to raise £25,000 in loan capital to add to his £15,000 equity. Armed with his pro-forma balance sheet and cash flow projections, his first stop was the bank.

Unfortunately, the bank manager had not yet been briefed on the Budget's loan guarantee scheme whereby the Government will guarantee 80 per cent of loans to small businesses. A phone call to the bank's area head office confirmed that the scheme would not lend Joe any money as he had no track record as an entrepreneur and was unwilling to pledge his personal assets.

At the bank manager's suggestion, Joe then went to a venture capital company but only half-heartedly as he knew it would want a piece of the equity. In any event, the venture capital company was unimpressed by Joe's allocation to himself of even a small share of the market for blumps and suggested he pursue his research further and then return.

But with each telling, Joe was becoming more convinced of the promise of his project. He returned to Mr. Dare who quickly arranged a meeting with Mr. Pull, the local dentist who, already being a long acquaintance of Joe, scarcely hesitated to offer the maximum £10,000 allowed under the new rules.

Joe then went to Conglomerate. The company was the largest employer in the area and was increasingly sensitive about the problems its redundancies were causing.

The Budget included a provision allowing companies as well as individuals to charge against income any losses on equity investments in small firms. Conglomerate's directors met immediately and decided to set up their own venture capital fund. When Joe came along, they subscribed for £5,000 in capital.

Still £10,000 short, Joe and Mr. Dare decided to look into other forms of Government assistance for which the new company would qualify and which might be useful.

As the company would be setting up in an assisted area—the entire country north and west of the Midlands is an assisted area — that programme's offer of a 15 per cent grant on capital investment looked attractive. Joe could qualify because his company was a start-up, it would be creating new jobs and, without the aid, it would not go forward.

The company needed considerable heavy machinery and the fire-sale prices being paid for machinery at auction in Britain at that time was one of the reasons the blump project could be feasible. The total cost of machinery was going to be £25,000 so Joe got a £3,750 grant.

The company was going to set up in an urban area so could not qualify for the Government's loan scheme for new businesses in rural areas. And a phone call confirmed that the National Enterprise Board's new scheme to lend up to £50,000 to small businesses was still in gestation.

However, the European Investment Bank was eager to lend to small businesses up to 50 per cent of the cost of fixed assets, and the British Government had recently made that scheme more attractive by arranging with Finance for Industry to cover the foreign exchange risk.

Joe applied but got only a £5,000 loan because of the riskiness of his venture.

They then contemplated moving to the Bermuda Triangle enterprise zone some 50 miles away to take advantage of the 10-year holiday from rates and the virtual liberation from Government questionnaires. However, they soon realised that the Government's incentives to property developers to build small factory units throughout the country, particularly the 100 per cent capital allowance on construction of small units up to 2,500 sq ft, had quickly created a good supply of these so-called nursery units locally at reasonable rents. So Bermuda Triangle was dropped.

That still left Joe a little short of his target for capital, but he and Mr. Dare went over the figures and decided they could make do with slightly less working capital.

They also explored potential assistance offered by the Manpower Services Commission for employment. The Commission first offered Joe a free 12-week management training course but he declined, saying he was too busy.

They then went over the employment transfer scheme but agreed there were plenty of machinists locally available and so it would not be needed.

Joe's company was ready to go. Unfortunately it did not do well. He had secretly counted on his old colleagues at Conglomerate to take up a good part of his production—it would be so small in their overall purchases—but his former empoyer made only token purchases.

A few months later, when the economic upturn came and orders poured in, Joe got so excited that he borrowed money against his home to finance more stocks. But his big customers, including Conglomerate, were, as always, slow to pay and Joe was increasingly squeezed.

Had Mr. Dare, the accountant, been familiar with the problems of small business, he might have seen the signs of trouble before it was too late. Similarly, if Joe had sought out an investment partner with some business or financial expertise to contribute instead of the tax-dodging dentist, he might have got good advice when he needed it.

However, Joe got no advice and so when things deteriorated, he did what so many businessmen do, he hid. He stopped returning phone calls, refused to look at new invoices and avoided his assistants.

When the company went into receivership, Joe retreated to Blackpool to contemplate his failure. The Government's offer of low corporation tax rates had turned out to be meaningless. Small businesses have so many allowances that they almost never pay tax.

He had lost Mr. Pull, the dentist, as a friend, which could have been avoided if he had been patient and taken the government-guaranteed loans.

Most of all, he was bitter about how easy the Government had made it for him to raise money. Money, he reflected, had not been his problem. The failure was due to his inadequate assessment of the potential market and the total absence of any real customer prospecting before the launch. If he had been patient and done his homework properly, he probably could have got loan money from a bank or other financial institution at reasonable terms and accompanied by regular surveillance and advice.

... AND MEANWHILE, BACK IN THE REAL WORLD

'I am my own boss . . . I can't complain'

MR. BOB CHILD a chartered engineer, decided in 1969 that he would rather work for himself than for a large company and, together with a friend, identified the glass reinforced plastics sector as one with growth potential. They took on a design by an architect friend of a housing for externally sited water tanks and set up a company, Group Four Glass Fibre Co., to build them.

"I don't like borrowing money. Anything I get, I invest in the business. I work in the plant as well as at marketing and my wife does the accounts. When you work out the return on our time, we should be working for someone else. But I am my own boss and get a lot of satisfaction so I can't complain, I guess.

"The only time the company made money was two years ago when we got a couple of big contracts and we had to invest that money quickly because we didn't want to pay tax. As a rule, if the company looks like making any money, it pays me a bigger salary because my tax rate is lower than the corporate rate. Still, with both the company's and my national insurance contributions the tax rate is very high.

"I would like this tax relief for investments in small companies provided I can get it (he does not qualify) but there's nothing else.

"I wouldn't mind assistance for going to exhibitions—not abroad, just in the UK. But I guess if they gave it to some they would have to give it to everyone."

'This Budget is a disaster'

MR. EDWARD Scriven used to be a coal merchant and operated a casual lorry transporting business on the side, mainly carrying scaffolding tubes to shops to be straightened. Realising that transport was the largest factor in the tube-straightening process, he thought it would be possible to make a straightening machine small enough that it could be taken to the tubes rather than the other way around. His London-based company, Lemax Mobile Scaffolding Straightening Service, now has 13 employees and an annual turnover of £¼m.

"I started to develop the machine in 1975 with £125 in cash. I got some money from my wife's family, from my partner's family and from the bank, although they were very reluctant.

"We have spent about £200,000 and have three machines in operation. Last year, we straightened 10m ft of scaffolding.

"We then decided to develop a model that we would sell to scaffolding companies. We got an American company interested in marketing it, but even so it was impossible to find anyone to help finance the development.

"Finally, an engineering company got interested enough and the first prototype will be ready in the second or third week of April.

This Budget is a disaster. We have run on a shoestring. And finally when we get near the end of the race, all our customers are the ones who are going to be hardest hit by this Budget.

"I'm looking for another £150,000, but I don't understand the guaranteed loan scheme in the Budget and I can't afford to pay my accountant any more to find out."

Letters to the Editor

Lloyd's

From Messrs. R. Nesbitt, J. Rew, A. Sturge, J. Taylor and K. Whitten.

Sir,—We were all founder members of the Association of External Names of Lloyd's and until Wednesday represented a majority of its committee. As reported in the Press we stood down when an extraordinary general meeting of the association voted to support Lady Middleton's opposition to the Lloyd's Bill.

We sought the opinion of members of the association for three reasons. We doubted whether it was proper for an association with fewer than 300 members to purport to represent the interests of the 16,000 external names and to expend its funds in seeking to do so. We believed that the publicity which the association had attracted in its opposition to the Lloyd's Bill had deterred some Lloyd's names from joining as much as the high subscription. We found practical difficulties in serving on a committee with Lady Middleton and her colleagues.

Lady Middleton and her small committee have now demonstrated that they have the support of some 50 members of Lloyd's out of 150 who attended the meeting (only some 80 voted on the questions in issue). One can only hope that those to whom she might make representations will be aware that she represents the opinions of Lloyd's external names in the same way that Mrs. Mary Whitehouse represents the opinions of all who watch TV.

Since Lady Middleton has confirmed that all the association's funds and more will be required for opposition to the Bill in committee stage it seems only fair that those who do not wish to participate in her crusade be now given the opportunity to have their subscription returned on the basis that it is being used or will be used for purposes other than those for which it was subscribed.

We still believe there is a place for a genuine association of external names which need not be either as political as Lady Middleton's nor as expensive.

R. K. Nesbitt
J. H. B. Rew
A. C. L. Sturge
J. A. Taylor
K. Whitten
Lloyd's, EC3.

Rates

From the Chairman, London and Southern Home Counties Committee, Association of Independent Businesses.

Sir, — I am appalled by the irresponsible attitude to rate rises in London accredited to the general secretary of the Labour Party in your issue of March 9. The burden borne by non-domestic (and non-voting) ratepayers is already excessive and in the current recession sharp rate rises will lead to further job losses as costs cannot be recovered through price rises in the private sector. It is totally inconsistent to talk about increasing rates and creating new jobs—high rates have been one of the factors contributing to employment decline in London and it is shamefully misleading for Labour leaders to pretend otherwise.

It is about time that Labour Party support for local democracy is reflected in constructive proposals to align local tax payments with electoral power and we look forward to the development of the ideas for a local income tax recently floated by Gerald Kaufman at Blackpool. In the meantime a more responsible attitude from Labour Party headquarters to job creation and preservation is surely in the interests of all Londoners and I believe that they will recognise this in the election on May 7.

E. A. Naptin,
Association of Independent Businesses,
Trowbray House,
108 Weston Street, SE1.

Conveyancing

From Mr. M. Joseph

Sir,—Carla Rapoport was kind enough to mention my book in her article on D-I-Y conveyancing (March 7) but takes me to task for spending half the book on explaining the "whys" of doing it yourself. As she herself admits that the chief hurdle is fear, surely it is valid to spend half the book in trying to break down this hurdle. Unless one succeeds in breaking it down, the instructions on how to do it yourself, in the other half of the book, will be irrelevant.

Michael Joseph.
27, Occupation Lane,
Woolwich, SE18.

Israel

From the Archdeacon of Oxford

Sir,—Regarding your first editorial (March 9) with reference to the U.S. and EEC efforts to set up some sort of Middle East rapid deployment force, this is indeed in "sad contrast . . . to the waning efforts to secure the most vital ingredients of peace in that area, i.e., the definition and security of both the State of Israel and the Palestinian people."

You claim that "the Camp David process . . . has been moribund for months." But is not this due almost entirely to the recent elections in the U.S. and the forthcoming elections in Israel? As I have ventured to say twice in your columns previously, I still question the intrusion of the EEC into the picture at this time. True, all the world should be concerned about the Middle East and particularly the Holy Land, holy to three world monotheisms, traditionally claiming "the centre of the earth" to be in Jerusalem.

You have put your finger on the main objection voiced by the Israelis to the association of the Palestine Liberation Organisation in the European negotiations. How can the State of Israel be subject to the machinations of an organisation whose charter persists in declaring one of its main objects to be the destruction and liquidation of that state? It is amazing to this writer that Her Majesty's Government seems unable to appreciate this.

(Ven.) C. Witton-Davies.
Archdeacon's Lodging,
Christ Church, Oxford.

Roads

From the Chairman Railway Development Society

Sir,—Your correspondent Mr. Douglass (March 7), said "road users pay in cash more than twice the sum spent on roads." This is a claim often made by the road lobby but the facts are very different.

If all costs attributable to road traffic are taken into account it is probably nearer the truth to say that for every £1 paid by road users about another £2 is paid by the taxpayers and ratepayers. Road costs should include interest on capital invested in roads, policing, administration, congestion costs, and accident costs to mention a few items.

R. V. Banks,
Savernake, 121 Ashford Road,
Bearsted, Nr. Maidstone, Kent.

Accidents

From Mr. P. Tray

Sir,—Mr. M. J. Douglass's alleged "real, and huge, rate of return" on roads (March 7) arises because "road users do pay in cash more than twice the sum spent on roads."

That is not all they pay. Leaving out of account the literally incalculable human tragedies involved and the barely calculable loss of production resulting from around 20 deaths and 1,000 injuries on the roads every day, and even disregarding the material damage involved, the direct cost alone of dealing with road accidents cannot fall far short of the total subsidies to the railways, which leaves out of account the likely increase in road casualties if yet more traffic were forced from rail to road.

The fact that even minor railway accidents make headline news demonstrates their rarity—while the slaughter on the roads goes on mercilessly and with hardly a raised eyebrow.

With respect to Mr. Douglass, the economics of road and rail are not as simple as he suggests.

Peter H. Tray,
Richard, Archie and Co.,
Victoria House,
Southampton Row, WC1.

Taxation

From Mr. A. Wilson.

Sir,—After the spate of adverse comment last year on the 25 per cent level of mistakes achieved by the Inland Revenue in the matter of personal taxation, I am surprised that there has not been any comparable airing of the costs suffered by individuals so affected in getting these mistakes put to rights.

I am one such individual, but have waited to air my grievance until my case was settled, to my ultimate satisfaction but at no small cost.

Like, I imagine, many others, I have been accustomed to complete my tax returns myself, and have accepted the eventual assessments unless I smelt an obvious rat.

After the revelations of IR mistakes, I went back through years, and, suspicions aroused, my assessments for the last five sought the advice of a chartered accountant. As a result, IR errors were detected for the years 1977-78 and 1978-79 amounting to refunds, or cancellations of £479 income tax and £781 capital gains tax. This was satisfactory to me, albeit chickenfeed by many standards, but the catch came in professional fees of over £100 for quoting chapter and verse of the relevant finance acts, etc.

I was forced into the accountant's arms by what turned out to be elementary and inexcusable errors on the part of the IR. There must surely be a question of principle here, which I would have thought would have been taken up before now by the various bodies concerned with personal taxation. When the IR makes such elementary mistakes, should it not be liable for the reasonable costs of putting them right?

A. D. Read Wilson,
132 East Street,
Corfe Castle,
Wareham, Dorset.

Trusts

From Mr. R. Darlaston

Sir,—David Wainman's article on the taxation of trusts (March 7) raises an interesting point about the operation of the 15 per cent tax surcharge, first imposed by S.16 Finance Act 1973, which must surely be amongst the least remunerative of taxes to the Government.

Where a legacy or share of residue is held in trust for a minor ("Carrie" in Mr. Wainman's article) the trust income will generally be liable to the 15 per cent surcharge. This involves the trustees in returns and calculations even where interest is received on a legacy of only a few hundred pounds.

In many cases however, the net income will be released for the maintenance of the minor beneficiary and a tax deduction certificate at 45 per cent will accompany the payment. Because few children have sufficient income to attract a tax charge at the basic rate, much less at higher rates, that tax certificate will enable the minor's parent or guardian to obtain a refund of tax from the Revenue.

The real absurdity is that if the trustee makes a payment to the minor early in the tax year and issues the tax certificate at the same time, the keen parent or guardian will immediately lodge a tax claim on the child's behalf and may thus secure a repayment from the Revenue as much as a year before the tax has been paid over by the trustees! Seldom can one obtain an interest free loan from the Government but this does seem to be one example, and it perhaps goes some way to compensate for the appalling waste of time and effort in paying over the tax in the first place when it is applied to small legacies and trusts.

R. H. Darlaston.
5, Meadow Close,
Goostrey, Cheshire.

Rosemary Burr reports on the background to the collapse of Norton Warburg

A cautionary tale for investors

THE COLLAPSE og Norton Warburg, a small investment management group, has revived fears about the inadequate protection of depositors, less than two years after legislation was passed which was supposed to avoid anything like another secondary banking crisis.

At three meetings in the City this week about 500 people learnt how five companies in which they had placed their money had lost nearly £4.7m.

Before its collapse the investment management arm of the group handled around £12m of Clients' funds. And as recently as January 1980 Norton Warburg was one of a small group of companies invited by the Bank of England to talk to its staff. Following this, 25 former bank employees decided to use its services.

Norton Warburg was probably best known for its cricketing clients, including former England captain Colin Cowdrey, and for its relationship with the Pink Floyd pop group. That link was terminated three years ago and the Pink Floyd is currently suing the group and its directors for an estimated £1m.

Norton Warburg's eight-year history underlines the conflicts of niterest which can arise when an investment management company invests its clients' money in companies in which it has a shareholding.

Furthermore, it demonstrates that once the Department of Trade has certified a company as a licensed security dealer its customers may have remarkably little protection. The auditors may, or may not, qualify the accounts, but provided no one lodges a complaint with the Department no further questions are asked. And the only qualifications necessary to become a licensed dealer are three references—one from a bank managr, a stockbroker and a lawyer and a £500 deposit. In addition applicants must show that they are of sound financial standing.

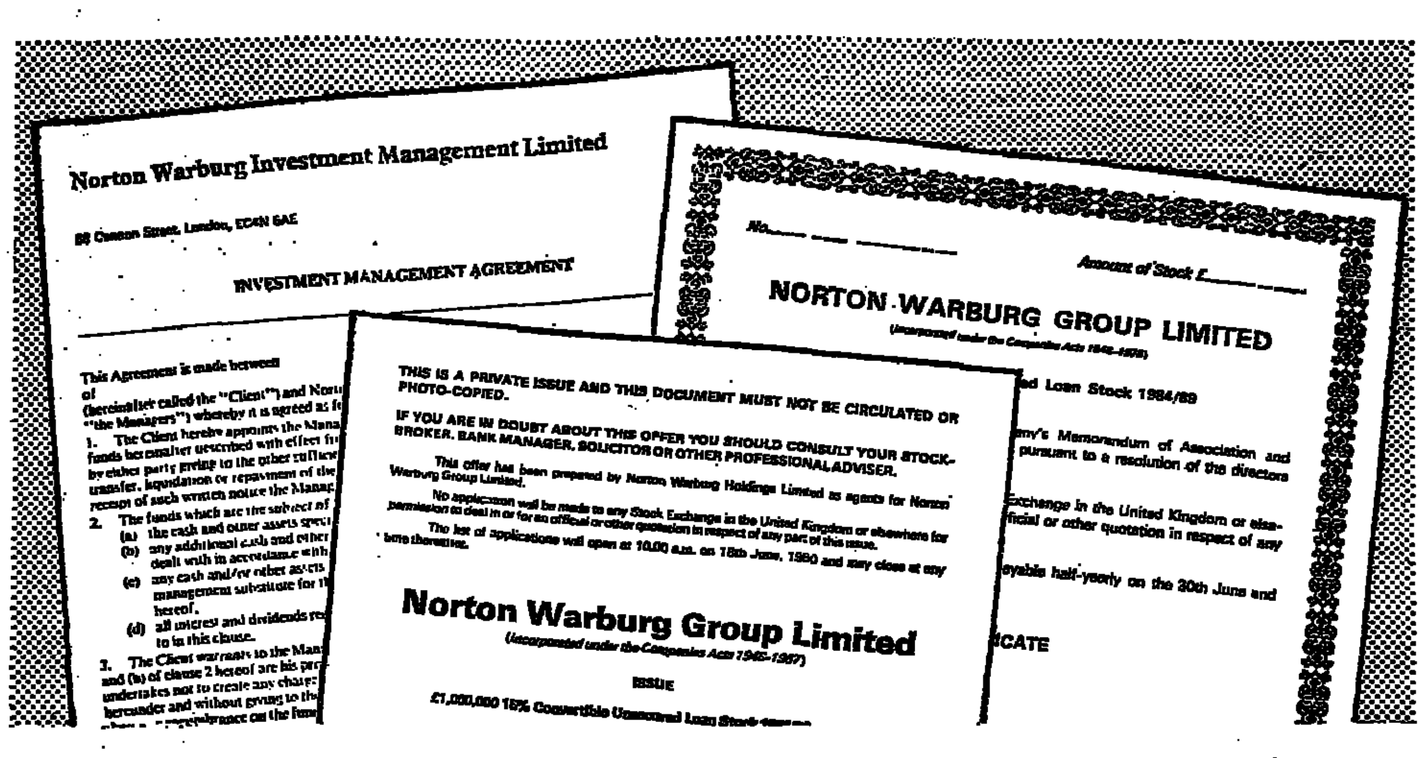
The story starts in 1973 when Mr. Andrew Warburg, a chartered accountant and present chairman of the Norton Warburg Group, left the insurance broking firm, Scott Warburg and Partners, which he had founded five years earlier to set up a financial services company Initially this company was named Norton Warburg Ltd. (NW) and ultimately Norton Warburg Holdings. He took with him an old associate, Mr. Melvin Perera, a chartered accountant, and six other former employees of Scott Warburg and Partners. Two months later, Mr. Peter Howland also joined the company.

Norton Warburg offered financial counselling service geared to high income earners, insurance broking and pension advice. To begin with, investment management was relatively small. No formal agreements were signed with clients until 1975, the year in which Norton Warburg became a licensed securities dealer.

By the end of 1975 investment funds totalled £137,000 while deposits and bank balances were £755,000. Pink Floyd, a former client of Scott Warburg, was its single largest client in the early years.

During 1976 and 1977 funds under the group management grew rapidly and the balance shifted in favour of investment management. By the end of 1977 £8m of funds were under management. But nearly £1.2m of cash was also held for individual clients, all of whom had no formal agreements for their deposits.

On April 26, 1976, the company acquired a controlling interest in T. F. A. Electrosound Ltd, a supplier of sound equipment to pop music groups.



Shareholders of Electrosound included a Mr. Rikki Farr.

The first of several transfers of clients' funds into the company account of Norton Warburg Holdings was made on July 6, 1977. At the end of June investment clients' cash was shown in the company's books at £583,000. Between July and the nd end of October £550,000 was drawn out of the clients' capital account at Lloyds Bank and placed in the Norton Warburg company account.

Norton Warburg's association with Mr. Rikki Farr's U.S. venture T. F. Electrosound Hollywood [Hollywood] dates from 1977. Mr. Rikki Farr went to the U.S. and developed a company called Hollywood which supplied sound and lighting equipment to musical group. Funds for Hollywood came from Electrsound UK and Norton Warburg via a newly-incorporated Jersey company, Norton Warburg Jersey Ltd. (set up in 1977).

On November 14, 1977, another company, Sparmanor, was incorporated, with Mr. Andrew Warburg, Mr. Perera and Mr. Howland among its directors. The sole asset of the company was 49.5 per cent of the issued share capital of Hollywood.

By January 1978 Norton Warburg had lent Electrosound UK and Hollywood about £1m. Although Hollywood had yet to make profits, it forecast a turnaround to $1.5m profits for the year end 1978.

On March 7, 1978 Sparmanor issued £900,000 of unsecured loan stock at £95 per £100 stock. Two-thirds of this was taken up by 120 of Norton Warburg's investment clients.

In the event, £611,800 worth of loan stock was issued to Norton Warburg clients. Cash was transferred to Norton Warburg and onto Sparmanor. Stock to the same value was passed from Sparmanor to Norton Warburg and then into the clients' portfolio. The clients have now been informed that the value of the Sparmanor loan stock has been written down from £95 to £15.

Norton Warburg Investment Management (NWIM) which subsequently took over the portfolios of Norton Warburg then began issuing investment management agreements with clients. These said that "all cash and other assets will be registered in the name of Lloyds Bank City Office Nominees Ltd or such other nominees of similar standing as may in the absolute discretion of the managers be deemed to be necessary or convenient, in an account designated Norton Warburg Investment Management Limited Client Account."

By June 30, 1979, £2.1m had been moved from NWIM clients' account to Norton Warburg.

By the end of 1979, funds managed by NWIM totalled £11m, of which £2.9m was stated to be cash on deposit. Norton Warburg Holdings owed NWIM £2.4m. Within the group Electrosound, Hollywood and Norton Warburg Inc. jointly owed £1.5m and other loans on the books totalled over £800,000. It was at about this time the the group began to be concerned about liquidity problems.

During December 1979 seven directors resigned from Norton Warburg Holdings. In early 1980 talks were held in vain with several parties on injecting capital into the group. A firm of chartered accountants investigated Norton Warburg on behalf of one party.

In July 1980 Norton Warburg hoped to raise £1.75m by a private placement of 1,750,000 £1 shares in a new holding company, Norton Warburg Group, now the group parent company.

In the event, 1.28m shares were placed the majority with leading financial institutions including Save and Prosper Group (400,000), Scottish Amicable Life Assurance (150,000), Scottish Amicable Pension Investments (50,000) and Tyndall Unit Trust (50,000).

The private placing memo included a directors' estimate of future group trading profits of £450,000 for the 18 months to end-December 1980 and £750,000 for 1981. Funds were to be used for six purposes, including repaying short-term debt and expanding in the U.S. No material changes in the financial circumstances of Norton Warburg Holdings were said to have taken place since June 30, 1979, the date of the last published accounts.

The money from the placing came in between July and November 1980. It was put in the Norton Warburg Group bank account and part was subsequently moved to Norton Warburg Holdings. A loan of £157,000 was made as an interest-free bridging loan (still partly unrepaid) to Mr. Warburg's wife and £10,000 went to Landcrest, a property company in which Norton Warburg Holdings had acquired an indirect shareholding that summer. Landcrest, whose chairman is Mr. Ronnie Aitken, former partner of accountants Binder Hamlyn, subsequently failed and is currently under receivership.

During this period, Norton Warburg Holdings made two separate payments totalling £400,000 to NWIM clients' account, realised its interest in Landcrest for £390,000, paid Hollywood £50,000 and repaid depositors of Norton Warburg about £90,000. All the same, the board of NWIM was apparently aware in October 1980 of a shortfall on clients' accounts of £1.8m and expressed concern as to their ability to repay this "in a reasonable period."

Mr. John Snowden, joint managing director of NWIM, said this week: "The investment management company was very successful. A lot of clients more than doubled their money."

In retrospect, there was only one readily understandable public warning signal about Norton Warburg's problems. In signing, Norton Warburg's accounts for the 18-month period ended June 30, 1977, auditors Turquands Barton Mayhew, expressed reservations on the recoverability of both interest and principal to the group's subsidiaries and that shown as "due from clients" and qualified their report, on November 3, 1978, accordingly.

But in the accounts for year-end June 30, 1979, auditors Midgley and Co. made no such reservations. Amounts due to clients were £3.288m and bank balances and cash totalled £506,522. The whole group is now the subject of a Fraud Squad investigation.

Weekend Brief

Sainsbury's say DIY loudly

The Purley Way DIY store: probably the biggest in Britain

Last Saturday the Police were forced temporarily to close J. Sainsbury's new supermarket-style do-it-yourself store at Purley Way near Croydon in Surrey.

They moved in because the crowds flocking to see the venture were clogging the suburban highway. Although Sainsbury's acknowledges that some of the crush was caused simply by shoppers keen to visit a new store, it describes trade in the first two weeks as "phenomenal."

After 112 years as a family-run grocery business, Sainsbury's is confident that its major diversification into the fiercely competitive do-it-yourself market will be a success to rival its supermarket trade.

Its Purley Way store, called Homebase, is probably the largest of its type in Britain. It is the first of a chain planned by Sainsbury's aimed at capturing the lion's share of a market worth an estimated £2bn a year at retail prices.

The company believes that the DIY market, after only a sluggish growth in sales last year, is ripe for a major retailer to establish a supermarket style of operation in paint, wallpapers, power-tools and garden shrubs.

Most DIY shops which opened in the 1970s, when the market was expanding rapidly, were small in both size and range of products offered. Sainsbury's, however, believes that there is a clear retail trend towards more one-stop shopping, with the whole family visiting stores by car. Thus its Homebase store has a total selling area of almost 48,000 sq ft—larger than most Sainsbury's supermarkets—and has parking space for over 200 cars.

Apart from size, the company believes that a key factor is offering sufficient choice and range of products. Thus it stocks over 12,000 different product lines on the basis of being able to provide the handyman with everything he (or increasingly she) needs.

It backs up this extensive stock-holding with specialist advice in the store from a carpenter, plumber, and horticulturalist.

Sainsbury's aim has been to utilise its proven ability as a grocery retailer—it announced pre-tax profits up by 58 per cent in its last half-year—into a totally new area. Thus its new store has the same Sainsbury image of clean, bright shops operated according to strict financial controls. It also expects to attract the same middle-class type of customers who are drawn to its supermarkets. Its Purley Way store, for example, includes a section devoted to "Laura Ashley" tiles and fabrics.

Sainsbury's has also drawn upon the extensive experience of a Belgian company, Grand Bazaar-Innovation Bon Marche, which already operates a number of similar-style DIY stores in Europe. The holding company which will run Sainsbury's "Homebase" chain is a quarter-owned by the Belgian company.

The crucial question for Sainsbury's, however, is whether its slightly up-market style is suitable for the DIY market in times of recession. Conventional wisdom suggested that people would turn to DIY in a recession as an alternative to moving house. But the reality is that pressure on living standards has made people carefully consider even expenditure on DIY home improvements.

The company is still confident of some 2 to 3 per cent growth a year in the immediate future for the DIY market, but remains convinced that the 17 stores it has planned by the end of 1983 will be able to capture more than enough of the existing market to make the whole venture amply pay its way.

New eating and drinking 'Strine-style'

The rigours of antipodean travel are being much softened, and even civilised, by the stream of European immigrants who have settled in Australia and New Zealand since the last war. I believe it was they as much as the natives who forced the eventual ending of the frenetic 5 o'clock swill between the ending of working hours and the pubs closing at 6 pm. You can now drink steadily from 10 am until 10 pm if so inclined.

Nor do hotels lock their dining rooms a few minutes after 6 pm to drive the hungry traveller to seek what sustenance he could from some very seedy cafes should he miss the official dinner, still called tea outside the major cities.

One of the latest developments is the Bistro (sic.). This is a dining room which varies from the lounge bar of a country hotel to a quite sophisticated restaurant in the city. The common factor appears to be that the menu is written on a blackboard. Sometimes it is prominently displayed so that all the customers can read it from their seats. In other restaurants it is carried around to the tables, usually almost illegible in the dim religious light in which the natives like to eat their meals.

It is no longer obligatory, as it was 20 years ago, to wear a jacket and a tie in quite moderate establishments. Although the almost universal provision of air conditioning would make dressing up quite possible, informality is now the rage, among the men, but not in the evening with the ladies.

The food is all good when it is of the country. I particularly recommend New Zealand steaks and, paradoxically, Australian lamb. The helpings are generous to a fault, and the costs outside the capital cities and even in them make the London restaurateur an extortionist. There is no VAT and no tipping anywhere.

For the traveller the basic food source is the "Take Away," a self-service sandwich bar from which you take your supplies to eat elsewhere. Some of these call themselves tea shops, and for a small extra charge you put your sandwich on a plate and sit at a table. To sit down without paying the fee provokes a marked reaction from the proprietor.

A further development is the BYO. This is just like a Take-away with tables. But you can bring your own drink, even alcoholic. As yet this has not spread to New Zealand. Be warned, however. Few of these establishments have toilets. There are few bushes in Australia and, where there are, there are possibly snakes.

Then there are the counter lunches and teas provided by most pubs or hotels particularly in Australia. If you hanker after steak and two eggs in 40 degree C at midday, you can have them. Anyway they are on most menus for about $4 (£2). So are salads, roasts and fish.

The standard glass of beer is six ounces, other measures are eight and 10. But not many seem to be ordered, probably because they have names which vary in every State. Who knows what pony, middy, schooner, pot, etc., really mean? Anyway the barman looks hard at you if you ask for a pint. The standard price for the six ounces in the pubs is 40 cents (about 20p).

The beer is ice-cold but will cut the dust from the throat and is quite strong, or rather sleep inducing. A bottle, 26 ounces, of Coopers Adelaide Ale, which tastes like beer, is by far the best I came across. Spirits, bought at the pubs' bottle shops are dear, about £7 for gin.

The BBC to sell mini-computers

The BBC is going into the computer business. From this autumn the impoverished corporation will boost its income by selling its own brand computers. Not that it will make a perceptible dent in TV licence fees, for the basic BBC computer will sell for around £230 on which it will earn a 10 per cent royalty. A more powerful version will cost £330.

The reason for this unusual diversification lies in a new 10-part series to be run in January next year to demystify the computer for the layman. It is aimed at people who think they would like to learn something about computers, be they managers in industry or government, shopkeepers, small businessmen, or young people in schools or colleges.

According to the series' executive producer, John Radcliffe, the programme's aim is to teach "computer literacy." The series comes from the same BBC stable that produced the praised series on adult literacy, On the Move.

There is growing evidence that many people are wanting to learn more about computers —in spite of having a reputation of being a "turn off" to the layman. Mr. Clive Sinclair, whose £100 personal microcomputer has been selling 10,000 a month, freely admits that many purchasers buy them just to learn a little about computers. (He has just launched a more powerful one for £70.)

A general BBC survey found that 25 per cent of those questioned would be interested in having a small desk-top personal computer. Of those interested, 10 per cent said they were likely to buy one.

The BBC computer is to be made by Acorn, a small Cambridge-based company which already sells a simpler microcomputer known as the Atom. The BBC machine is a modified version of Acorn's forthcoming more powerful micro the Proton. Initial production is for 12,000 personal computers which have a keyboard like a typewriter's and are plugged into an ordinary television to give a display screen.

Inevitably the BBC's foray into computers has stimulated more than one row — not least from those manufacturers of microcomputers the BBC did not select.

The series of ten programmes of 25 minutes each begins in January, 1982 at the far from peak viewing times of at around 10 am on Sundays repeated for schools on Monday afternoons. The whole series is to be repeated, however, in March on BBC1 at 11 pm on Monday evenings, when an audience of around 500,000 would be typical.

Viewers will be taught how to program the computer in one of the most common computer languages called BASIC. The BBC is developing a number of programs to enable the proud new owner actually to do practical things with their microcomputer. These include one to work out your tax liability, learn maths, spelling or touch typing. It will also have some more sophisticated ones on which a small businessman or shopkeeper could do their accounts or stock control. And ones to play games, like space invaders.

One of the BBC's main intentions is to have a microcomputer which can be expanded and have a practical use. John Radcliffe is keen to see the system being used by small businessmen and hopes it will have particular applications for people with hobbies. For instance, an astronomy program would show the user what stars would be seen in a specific segment of sky on a given night at a given time on the television screen.

In addition to the series there will be a book and also a 30-hour correspondence course developed by the National Extension College at Cambridge for the enthusiastic. For an extra £100 it will be possible to receive computer programs transmitted by the BBC on its teletext service CEEFAX. And if someone buys a printer to go with the microcomputer they could use it as a word-processor, says the BBC.

Contributors
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Economic Diary

MONDAY: Balance of payments current account and overseas trade figures (February): Index of industrial production (January provisional). Retail sales (February provisional). Building workers' pay talks, Portugal Street, London. Final day of Budget debate in the House of Commons. EEC Finance Ministers meet, Brussels. Two-day meeting of EEC Foreign Ministers opens, Brussels. EEC Agriculture Ministers meet, Brussels. Mr. Jeremy Isaacs, chief executive of Channel 4, talks to Institute of Public Relations about hopes and plans for the Channel. Bowater Conference Centre, Knightsbridge, London.

TUESDAY: President Shedu Shagari of Nigeria begins State Visit to UK. Statement by Commission for Racial Equality on Racial Harassment in Local Authority Housing Estates report.

WEDNESDAY: Monthly council meeting of Confederation of British Industry. Indices of average earnings (January). Indices of basic rates of wages (February). Cyclical indicators for the UK economy (February). Commons debates economic problems of Northern Ireland. Government Inspectorate prosecute Dunlop for health and safety offences (workers affected by fumes from tennis ball covering), Barnsley. Archbishop of Canterbury addresses National Free Church Council, Bournemouth.

THURSDAY: London dollar and sterling certificates of deposit (mid-February). UK banks' assets and liabilities and the money stock (mid-February). Commons second reading of Iron and Steel Bill. National Farmers' Union council meets. Trades Union Congress Women's Conference opens, Floral Hall, Southport. Capital expenditure by the manufacturing, distributive and service industries (fourth quarter revised). Manufacturers' and distributors' stocks (fourth quarter revised). Sir Geoffrey Howe, Chancellor of the Exchequer, presents CBI-Family Circle award to 1981 housewife economic expert competition winner, CBI, Centre Point, London Motor Agents Association, Society of Motor Manufacturers and Traders and Office of Fair Trading statement on Revised Code of Practice for Motor Industry, Halkin Street, London.

FRIDAY: Retail prices index (February). Tax and prices index (February). Gross domestic product (fourth quarter provisional). Sales and orders in the engineering industries (December). Sir Michael Edwardes, chairman of BL, announces the company's preliminary results. Duke of Edinburgh visits Egypt as president of International Equestrian Federation.

UK COMPANY NEWS

Andrew Taylor looks at the background to Ward's £95m bid for Tunnel Holdings

A fundamental difference of opinion on development strategy

THOMAS W. WARD'S bid for Tunnel Holdings reveals a fundamental difference of opinion between the two companies over the emphasis that should be placed on cement making within Tunnel's development strategy.

It is not the first time that the two boards—Ward holds a 29.9 per cent interest in Tunnel—have disagreed on investment policy. Three years ago Ward strongly opposed Tunnel's first moves to diversify into the specialist chemicals market when the cement making group acquired Barrow Hepburn's chemical division for £10.5m.

While Ward now accepts that the move into specialist chemicals has in the event proved successful there are clearly still strong differences of opinion about the respective roles that specialist chemicals and cement manufacture may be expected to play in Tunnel's future development.

This difference in management philosophy was clearly underlined in a series of key statements made by Mr. J. Peter Frost, Ward's chairman and managing director, when he yesterday outlined the reasons for his company's bid which values Tunnel at around £95m.

Mr. Frost said: "Cement manufacture and allied activities would remain the core business of the merged group. Ward believes that Tunnel's cement activities have a long-term future in their own right, within the Ward group and they would not be regarded as generators of cash flow for diversification.

"Whilst the speciality chemicals business has proved to be a worthwhile acquisition there would remain the possibility of further conflict with the board of Tunnel if a policy of diversification away from cement were to conflict with the objectives of Ward."

Tunnel, which has perhaps not forgiven—it certainly has not forgotten—Ward's initial opposition to its diversification plans has strongly rejected the terms of the bid which it says substantially undervalues the value of Tunnel's business. It also argues strongly against the merger of the two companies cement-making interests.

Tunnel by diversifying into new products with good growth potential and by investing overseas has followed the classic route of a major British construction orientated company during a period when annual UK building activity has declined by almost a fifth since 1973.

The group recognising the long term decline in home based construction — particularly civil engineering, a heavy user of cement—has significantly streamlined its cement making activities.

It believes that it has now got the balance between its cement making activities—now operating at half the capacity of 1973—and its new investment in speciality chemicals just about right. It says that a merger with Ward could upset this balance.

Tunnel says that since 1970 it has "deliberately" reduced its share of the UK market from around 17 per cent to currently around 12.5 per cent. It has closed its major West Thurrock works in Essex with a capacity of around 1m tonnes and has invested heavily in making its remaining works more energy efficient.

The group currently has an annual cement making capacity —including its half share of the Ribblesdale works, Clitheroe, Lancashire, which it jointly owns with Ward — of around 1.8m tonnes.

The group has clearly benefited from its improved efficiency and in the current financial year — ending March 30, 1981 — cement profits may have risen from around £4.9m to some £7.5m, despite a fall in volume sales of about 5 to 10 per cent. Profitability will obviously have been assisted by the 24 per cent increase in cement prices introduced in March, 1980, but more energy efficient production techniques and the pruning of wasteful capacity in earlier years have also played a part.

Total pre-tax profits of Tunnel are expected by some brokers to have exceeded £13m and although the chemicals division suffered a setback as a result of the strong pound—70 per cent of sales are overseas with 50 per cent in the U.S.—there were signs in the fourth quarter that sales performance, particularly in the U.S., was improving. Chemical profits in 1980-81 are thought to have slipped from around £2.5m to around £2m.

Chemical profits may be expected to improve in 1981-82—particularly if the U.S. economy picks up—while the successful acquisition of Alcolac the U.S. speciality chemicals company for US$23.7m (£9.9m) should provide a further fillip to profits.

Tunnel—this time supported by Ward, its largest shareholder —has already paid U.S.$17 a share for a 50.25 per cent stake in Alcolac and will pay a similar price for the remaining shares if the bid is approved at a meeting of Alcolac shareholders early next month. Last year Alcolac earned pre-tax profits of U.S.$2.99m (£1.4m).

Tunnel says that Alcolac's specialist chemicals business will be complimentary to the group's existing operations. The deal, however, has an added attraction in that Alcolac will bring with it a 79 per cent stake in Wapora, the U.S. pollution control and industrial waste disposal company.

This part of Alcolac's operation fits neatly in with Tunnel's existing 42 per cent stake—RTZ is the major shareholder—in Stablex which specialises in a waste disposal process, Sealosafe. Last year Sealosafe activities probably lost the group around £100,000 but these could eventually provide a major source of earnings in five years.

It remains to be seen whether the Alcolac deal will be upset by Ward's bid—Tunnel thinks not—but the U.S. deal has all the hallmarks of Tunnel's long-term investment strategy.

Tunnel sees a continuing role for its cement making operations—although it says volume sales may drop a further 10 per cent in 1981/82. Profits may also be hit by lower price increases this year and margins may fall. Cement it expects will continue to be a steady earner of income beyond 1981/82 while longer-term specialist chemicals may provide greater growth prospects.

Yarrow pre-tax deficit: pays same

WITH GROUP turnover down from £9.43m to £7.58m, Yarrow dropped from a pre-tax profit of £330,000 to a pre-tax loss of £164,000 for the half-year to December 31, 1980.

However, after a tax credit of £277,000 (debit £79,000), a minorities credit of £2,000 (debit £3,000) and an extraordinary debit of £52,000, the Board is maintaining an interim dividend of 2.5p net. The total dividend last time was 8.15p.

Earnings per 50p share of this maritime and engineering consultancy, and ticket systems company dropped from 6.2p to 2.9p.

Full year profit before tax last time was £1.65m on turnover of £18.28m.

The Board remains confident in the longer term prospects of the company and believes that the development in the high technology business of transaction and electronic systems engineering is the right way ahead for the group. However in the light of the continuing recession no material improvement in trading performance is anticipated during the remaining months of the current financial year.

Cuts in public expenditure have had very serious adverse effects on the results of the group's engineering companies with both Control Systems and Yarrow Engineers operating well below capacity. The performance of Control Systems was also disrupted by the closure of the Canterbury factory and the transfer of manufacturing activities to Herne Bay.

As already announced, Yarrow Engineers is to be closed down at the soonest possible date.

The company also intends to pursue its submission to the European Commission of Human Rights in an attempt to win further compensation for the nationalisation of Yarrow (Shipbuilders) subsidiary. Legal advisers have informed the Board that proceedings in the case are likely to be lengthy due to the lack of precedents for such an application. The board intends to pursue the matter vigorously.

The tax credit received reflects the change in tax legislation on stock relief together with relief on capital expenditure and the effects of tax losses available within the group.

● comment

Not even a maintained dividend could prevent the shares of Yarrow from a sharp 15p decline yesterday to 263p. The pre-tax loss of £164,000 at the interim stage is much worse than expected, especially when taken in the context of the large interest income the group is earning on the £6m compensation it accepted last year on the nationalisation of its shipbuilding subsidiary. The heavy engineering subsidiary, which lost £769,000 last year, has remained in loss and will be closed down this month. The real surprise, though, has been the decline at Control Systems where there was only a nominal loss last year. A very substantial loss is likely this year largely, it is said, because of the decline in demand by local authorities for bus and parking tickets and the like. Overall, the group could lose £½m in the full year and although the final dividend, like the interim, can certainly be paid, there will have to be some sign of trading improvement or a capital distribution before the shares will show much life. The yield is 4.6 per cent.

J. Lewis sales up 17% but profits fall

SALES in the John Lewis Partnership department stores and Waitrose supermarkets group increased by £108m—17 per cent—to £754.2m in the year ended January 31, 1981, a volume increase of about 5 per cent, which is above the rate of increase of national retail sales, directors state.

Pre-tax profits for the period were down slightly, however, to £34m, against £35.5m.

Sales in the 18 department stores rose by 12 per cent in the first half-year and by 15 per cent in the second, giving an increase for the year of 14 per cent. No new department stores were opened but the John Barnes shop in Finchley Road, Hampstead, ceased trading as a department store at the end of the year. Its long established food department is being converted into a branch of Waitrose, however.

On prospects for 1981, Mr. Peter Lewis, chairman, says: "it is impossible to predict, but if ment or public expenses continue trade remains weak, and Government tax is likely, there is an unavoidable squeeze on private business and individuals." The company should be able to keep sales moving ahead, he adds, but the Budget, "has certainly not made that any easier, and we are going to be faced with another real battle over costs."

Waitrose supermarket sales increased by 22 per cent for the year; one new supermarket was opened and one was closed shortly after the year end, bringing the total (including John Barnes) to 71.

Trading profit was marginally lower, down from £45.7m to £45.2m, despite the increase in sales. This was due to lower margins in department stores and higher costs. The balance available for retentions and partnership bonus was £30.9m (£36.2m).

Mr. Lewis says the bonus rate is a good deal better than seemed likely in the course of the year, even quite shortly before Christmas. Better sales over the past seven or eight weeks in the department stores have altered the picture, but the "conspicuous success of the year" as a whole had been the way the Partnership had adjusted its staffing to the lower-than-anticipated sales.

The chairman states that Waitrose continued virtually unchecked a good run of increasing profit. Margins in the department stores were tight for several reasons. At the gross margin level, pricing in many departments had to be keen to deal with a market that was "not merely competitive but sometimes almost distressed in places," and the unevenness of trade through the year led to some quite heavy markdowns.

But it was the Partnership's expenses that squeezed the profit, he explains, and pay itself for the full year was 21 per cent higher than in 1979.

Total retentions at January 31, were £18.3m (£21.6m) being £5.2m to offset fully the effects of inflation on working capital and depreciation, and £13.1m (£14.2m) retained for expansion and development.

The amount to be distributed as partnership bonus among the near 25,000 who work in the business is £12.6m, against £14.6m, and the rate of distribution is 14 per cent of pay, compared with 20 per cent.

Overseas losses hit Conder

A MARKED fall from £2.46m to £1.31m in pre-tax profits is reported by Conder International for 1980. The Board says this is due mainly to a drastic reduction in exports caused by the steel strike, the Middle East war, and the strength of sterling. This converted an overseas division profit into a substantial loss, but he says the Board is hopeful of making a profit this year, provided the Middle East situation does not further deteriorate.

Turnover of this erector of steel-framed buildings rose from £92.64m to £111.74m.

The chairman says the deepening recession is now seriously depleting the company's order book, although there are many large contracts in prospect. He says he is quite certain the company will, in due course, far surpass past performances, but it would be foolish to try to predict results for this year.

An unchanged final dividend of 4p per 25p share will be paid for a same-again total of 7p.

There was a tax credit this time of £622,000 (debit £229,000) and an extraordinary credit of £8,000 (debit £103,000).

After tax, stated earnings per share are 23.4p (27.1p), and excluding deferred write-back 13.2p (27.1p). On a notional tax provision of 52 per cent they are 7.6p against 14.8p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bracken ....int.	30‡	May 1	37	—	84
Kinross ....int.	80‡	May 1	84	—	191
Leslie ....int.	29‡	May 1	29	—	60
Refuge Assurance	8.4	May 8	7.2	12.3	10.6
Squirrel Horn	0.81	May 1	1.06	1.56	1.81
St. Helena ....int.	330‡	May 1	305	—	723
Unisel ....int.	40‡	May 1	40	—	80
Winkelhaak ....int.	220‡	May 1	194	—	453
Yarrow and Co. ...int.	2.5	June 15	2.5	—	8.15
Harmony Gold Mining	160‡	May 8	165	360	250

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Prestwich Parker slips into red

NUTS AND bolts manufacturer Prestwich Parker slipped into the red in the six months to the end of December, 1980, and is not paying an interim dividend.

In the year to the end of June, 1980, the company omitted a final dividend, paying a net total for the year of 0.5p.

The pre-tax loss of the Manchester-based group was £157,563 after redundancy payments totalling £55,415. A profit of £32,118 was made in the comparable period.

There was a tax credit of £81.933, against a £42,744 charge

The directors say the deepening recession makes a return to profitability in the second half unlikely, but progress has been made in reducing overheads and

SPAIN

March 13	Price %	+ or −
Banco Bilbao	290.0	
Banco Central	332.0	
Banco Exterior	262.0	+4.0
Banco Hispano	275.0	
Banco Ind. Cat.	128.0	
Banco Madrid	141.0	
Banco Santander	325.0	+2.0
Banco Urquijo	179.0	−2.0
Banco Vizcaya	310.0	−2.0
Banco Zaragoza	234.0	
Dragados	150.0	−4.0
Espanola Zinc	75.0	
Fecsa	68.7	−0.3
Gal. Preciados	32.0	
Hidrola	64.7	−1.3
Iberduero	57.0	
Petroleos	93.0	
Petroliber	70.0	
Sogefisa	87.0	
Telefonica	62.0	
Union Elect.	64.2	

Refuge Assurance goes ahead 25% after tax

SUBSTANTIALLY higher transfers from life funds and a small profit on general business resulted in the after-tax profits of Refuge Assurance Company improving in 1980 by nearly one-quarter from £2.48m to £3.07m. The contribution from the industrial branch was lifted 25 per cent from £1.27m to £1.59m and by 18 per cent from the ordinary branch from £1.02m to £1.20m. The general branch contributed £50,000 against nil in 1979.

A good growth in premium income was achieved last year by the company. In the industrial branch, it improved by nearly 18 per cent from £41.35m to £48.75m, while in the ordinary branch it rose by just over 11 per cent from £19.75m to £22.03m. The Fire and Accident branch recorded a rise in premium income of 13 per cent from £8.59m to £9.72m.

The final dividend is 8.4p net against 7.2p last year making a total dividend for 1980 of 12.3p net compared with 10.6p.

Squirrel Horn falls to £244,000 at year-end

Pre-tax profits of Squirrel Horn, the Stockport based manufacturer of sugar confectionery, toffee and chocolate, fell from £381,333 to £243,875 for the year to the end of December, 1980, after depreciation of £168,941 (£139,507).

After six months, profits were £180,186, down from £317,897 in the comparable period.

The directors said a year ago that the maintenance of the dividend was dependent on the profits being increased.

As this has not happened, the final dividend is cut to 0.8125p (1.6025p), making a net total for the year of 1.5625p (1.8125p). Earnings per 12½p share emerged at 5.98p, down from 6.55p in the previous year.

Turnover was slightly up at £5.94m, compared with £5.8m, and there was a tax credit this time of £61,487, against a charge of £46,696. The retained profit was £225,231 (£241,752).

The directors say the present level of trading gives some hope for improved results in 1981, but until there is an improvement in the economy there must be uncertainty regarding the level of future profitability.

Appian energy placing

THE PLACEMENT of 15m units of Appian Energy Corporation at C$1 each has been completed, making it the fourth drilling fund since last summer to emerge from the stables of Mr. Robert Lamond, the Calgary-based entrepreneur. In addition to the shares each subscriber also received a "warrant" to purchase more shares.

The placement was made by Canadian stockbroker Midland Doherty. The net proceeds after expenses came to C$13.925m. Less than 20 per cent of the money was raised in Canada. UK institutions provided 25 per cent of the finance, while 25 per cent came from Hong Kong and 30 per cent from the Continent.

The company has applied for a listing on the Vancouver Stock Exchange, and if permitted the shares will be traded in London under rule 163 (1e), the provision for foreign-quoted shares.

Appian plans to undertake a three-year exploration programme of joint ventures with Tiber Resources, a company incorporated in 1978 and which is 22 per cent owned by Mr. Lamond. Appian will be managed by Aurora Energy Fund, of which Mr. Lamond is a director and in which he owns 68 per cent of the shares.

COGHLANS

Coghlans announce that due to difficult trading conditions, the 8 per cent preference dividend, normally payable March 31, will not be paid on that date this year.

Increased bonuses from Britannic Assurance

HIGHER rates of reversionary bonus have been declared for 1980 by the Britannic Assurance Company in both branches.

In the ordinary branch, the rate is lifted by 30p to £5.10 per cent of the sum assured for life policies. On deferred annuities, the rate is improved by 50p to £6 of the basic annuity.

In addition, the terminal bonus rate on death, or maturity claims for life policies ranges from 25 per cent to 155 per cent for each year's premium paid before 1977 compared with the previous scale of 20-130 per cent.

For deferred annuities, the terminal bonus will be 45 per cent of the basic annuity and accrued bonuses increasing to 65 per cent for policies taken out in 1962 or earlier.

In the industrial branch, the bonus is raised 20p to £4 per cent of the sum assured, with a terminal bonus ranging from 5 per cent to 40 per cent of the sum assured.

Marginal improvement from Guthrie Berhad

An increase of 4 per cent in pre-tax earnings to S$11.1m is reported by Guthrie Berhad, a subsidiary of Guthrie Corporation for 1980. Group operating profit showed a 10.1 per cent increase at S$16.06m on an almost similar rise in turnover to S$290.3m. After tax, profits fell by 2.5 per cent to S$6.78m.

Guthrie has proposed a final gross dividend of 8 per cent, making an unchanged total dividend of 12 per cent.

Mr. M. J. Gent, the chairman, attributed the marginal improvement in the pre-tax figure to three factors: first, the transfer of its regional fertiliser business to a 30 per cent owned associate, Peladang Kimia; secondly, a loss in trading in chemicals due to difficult conditions worldwide which were reflected in Malaysia, and, thirdly, the growing disparity between the Malaysian ringgit and the Singapore dollar.

These three factors, says Mr. Gent, had an adverse effect of S$4.4m on net profits, but this was offset by an improved performance in other activities.

Trading in both Singapore and Malaysia enjoyed an excellent year, with strong demand for consumer goods, particularly durables.

Bridgewater dividend maintained

PRE-TAX PROFIT of Bridgewater Estates for 1980, were down from £1.26m to £897,432. The directors have proposed a same again final dividend of 11.5p per 50p share, maintaining the total for the year at 16p.

At the half-year stage this property developer and management made a pre-tax profit of £487,635.

Tax for the full year took £79,169 (£687,413), leaving net profits much higher at £818,263, compared with £469,913.

Halftime rise for Oceana

Directors of Oceana Consolidated, investment trust, expect to maintain this year's profits at last year's level after a modest improvement in the first half.

Pre-tax profit for the six months to the end of September, 1980, were £41,682, against £35,990 in the comparable period.

Tax took £12,564, against £11,687, last time, and earnings per 25p share were up from 1.18p to 1.39p. Taxable profits for the year to the end of March, 1980, were £148,437.

JAMAICA SUGAR ESTATES OFFER

Jamaica Sugar Estates has held discussions with the Stock Exchange about the foreshadowed offer for the company by Mr. Nicholas de Savary, with particular regard to the continued listing of the shares.

The Stock Exchange has decided that the listing should not be maintained after the offer is closed. The offer document will be posted to shareholders on March 17.

African Cables rises

African Cables, the South African electrical cable manufacturer which is 60 per cent owned by BICC, GEC (UK) and other British companies, earned a pre-tax profit of R7.05m in the six months to January 31, 1981.

This compares with R5.03m for the corresponding period of 1980 and R13.36m for the last full year. First-half turnover was R40m against R29.8m.

The directors are very cautious on prospects for the rest of this year. They warn that profit margins are tending to be lower under the impact of local and foreign competition and say that sales volumes and pre-tax profit for the year will only be marginally higher.

The interim dividend is 8 cents (7 cents) from stated first half earnings of 16.72 cents a share (11.83). For the year to July 31, 1980 a total dividend of 22 cents was paid from earnings of 30.54 cents.

Results due next week

MIDLAND BANK will be the last of the big four clearers to announce itst 1980 performance when preliminary figures are unveiled on Friday. At the interim stage profits before tax were down 10 per cent and bad debt charges were up sharply. The consensus view now seems to be that pre-tax profits will come out around £250m (£315.5m), and bad debt charges will be around £70 (£12m). Midland's dividend policy is unlikely to be as expansive as those of the other big banks; analysts expect little more than a 7½ per cent rise for 1980.

It may not come as much of a surprise when GKN profits come crashing down from last year's £101.4m pre-tax, but analysts are still debating the extent of the fall. Wednesday's preliminary figures could show a loss of up to £10m before tax but could also show a small profit—the range stems from uncertainty over how GKN plans to treat its redundancies and special depreciation, above or below the line. The sad 1980 performance is, of course, a result of GKN's being caught between the two squeezes in the automotive and steel industries. The interim dividend was cut and some analysts reckon shareholders will be lucky to get a 1p final against last year's 13.5p.

Meanwhile, IBM is expected to fare much better on Tuesday when it reveals its figures. Despite a sharp fall in the second half, the group's 26 per cent interim rise should stabilise the pre-tax decline at around £28m against last time's £34.5m. Titanium and special purposes valves have done well, but customer destocking and redundancy costs will have figured prominently in the 1980 performance. The total dividend may be slightly raised from 4.4p to not much more than 4.5p.

The market is expecting Cadbury Schweppes to have produced higher profits in 1980 than in the previous year when it unveils its preliminary figures on Thursday. Analysts estimate a pre-tax profits range of £57m to £59m against earnings in 1979 of £56.3m. Cadbury is starting to see the benefits of its rationalisation policy and appears to have benefited from the general rise in confectionery sales in the second half. On the soft drinks side, volume has been under pressure.

The recession has begun to hit the telecommunications equipment manufacturers but on the strength of a 42 per cent profit increase at the interim stage, Standard Telephone and Cables is expected to produce an advance of about one third on last year's £33.4m profit to £45m. Sales of the TXE4 semi-electronic exchange were still building up in the second half, while business equipment and private exchange sales were weakening. The component and distribution businesses have probably also eased, as results from Unitech and Diploma have already shown. The interim dividend was doubled to 4p to reduce the disparity between it and the final; when the group's results appear on Friday, the final may be held at 6p.

Thomas Tilling had a disappointing first half; the nearly £80m in U.S. acquisitions of the previous year made no contribution after financing charges and most of the traditional operations were showing reduced profits. The U.S. acquisitions are believed to have done better in the second half, while the UK building materials and merchanting businesses have had a hard time. Full-year profit, which is expected to be about £70m compared with last year's £81m. The interim dividend was raised ½p to 3½p but the final is likely to be held at 4p.

Next week's batch of results also includes interims from Barratt Developments (Tuesday), Bejam (Wednesday) and Wolseley-Hughes (Thursday). Preliminary figures are expected from BSR (Wednesday), Steetley (Thursday), Hepworth Ceramics (Thursday) and Lex Service (Thursday).

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Benro Consolidated Industries	Wednesday	0.575	2.425	0.575
BL Ltd.	Friday	—	—	—
Boddingtons Breweries	Thursday	1.16667	1.33333	1.4
Bronx Engineering Holdings	Tuesday	0.26	0.79	0.29
BSR	Wednesday	1.4129	1.4129	—
Cadbury Schweppes	Thursday	0.95	2.9	1.2
Canning (W.)	Monday	1.724	2.254	1.724
Cement-Roadstone Holdings	Wednesday	1.82	2.8	2.1
Clarke (T.)	Thursday	0.525	0.875	0.63
Dickinson Robinson Group	Wednesday	3.0	5.6	3.0
Fairclough Construction	Tuesday	1.65	2.35	1.65
Fisher (James) & Sons	Monday	0.75	1.0	1.0
Guest Keen & Nettlefolds	Wednesday	5.8392	13.5645	4.0
Hepworth Ceramic Holdings	Thursday	2.25	2.75	2.25
Hewitt (J.) & Son (Fenton)	Wednesday	—	1.5	—
IMI	Tuesday	1.9	2.5	2.0
Jacobs (John I.)	Wednesday	0.6	1.5	0.7
Jamesons Chocolates	Wednesday	1.0	3.0	1.0
Jones (A. A.) & Shipman	Wednesday	0.925	2.6	1.0
Lex Service Group	Thursday	2.8	4.2	2.8
Liverpool Daily Post & Echo	Thursday	3.462	6.038	3.462
Mackay (Hugh)	Wednesday	1.4	2.22	—
Metalrax (Holdings)	Monday	0.74545	1.52727	0.82
Midland Bank	Friday	7.5	12.5	7.5
Montford Knitting Mills	Friday	1.275	5.725	1.0
Nichols (J. N.) Vimto	Wednesday	3.0	4.0	3.0
Relyon P.B.W.S.	Monday	1.8	3.0	1.8
Sale Tilney	Thursday	3.15	3.6	3.5
Sharpe & Fisher	Thursday	0.5	1.25	0.55
Stag Furniture Holdings	Tuesday	3.18182	5.9091	1.75
Standard Telephone & Cables	Friday	2.0	6.0	4.0
Steetley Company	Thursday	4.0	6.5	4.0
Tilling (Thomas)	Wednesday	3.0	4.0	3.5
Trade Indemnity	Monday	2.0	3.6	2.2
Waterford Glass	Monday	0.6	0.911	0.6
Williams & James (Engineers)	Thursday	1.155	2.569	1.155
Woodward (H.) & Son	Monday	0.5	1.7	0.5
INTERIM DIVIDENDS				
A.B. Electronic Products Group	Tuesday	3.0	4.5	
Barratt Developments	Tuesday	2.8	7.08	
Bejam Group	Wednesday	1.0	1.25	
Ductile Steels	Tuesday	2.1187	4.8813	
Lawtex	Wednesday	1.876	2.125	
London Scottish Finance Corpn.	Tuesday	0.525	1.5	
Pressac Holdings	Thursday	0.5084	0.75	
Second City Properties	Thursday	0.6191	1.5961	
Thorpe (F. W.)	Thursday	1.0	1.45	
Trafford Park Estates	Wednesday	2.25	3.75	
Victor Products (Wallsend)	Monday	1.5	2.75	
Walker (James) G'smith & S'smith ...	Wednesday	1.0	3.0	
Waring & Gillow (Holdings)	Tuesday	1.5	4.0	
Wolseley-Hughes	Thursday	4.4	8.1	
INTERIM FIGURES				
Celtic Haven	Thursday			
Nelson David	Tuesday			

*Dividends shown net pence per share and adjusted for any intervening scrip issue.

MURRAY GLENDEVON

For the six months to January 31, 1981, pre-tax revenue of Murray Glendevon Investment Trust shows a decline of £27,020 at £231,308.

Tax for the period took £83,559 (£87,803) and estimated earnings for the year to July 31, 1981 are stated at 3p (3.09p). As already announced the net interim dividend is 0.9p (0.8p).

At January 31 the net asset value per share stood at 161.5p

IMPROVEMENT AT CAMELLIA INVST.

AN INCREASE of £147,599 in pre-tax profits to £519,839 for the year end December, 1980, is reported by Camellia Investments on turnover up from £1.83m to £2.09m.

Earnings per share were shown as 20.91p against 12.62p previously, and the group is paying a 5p dividend, against 4p in 1979.

After a tax credit of £62,562, against a charge of £41,801 last time, attributable profits were £530,012, up from £319,994.

REPORTS AND ACCOUNTS IN BRIEF

ALLIED INTERNATIONAL DESIGNERS GROUP (market researcher and corporate image maker)—Results for 19 months to October 31, 1980 reported March 3, 1981. Fixed assets £83,141 (nil), goodwill £488,960 (nil), deferred expenditure £55,194 (nil), net current assets £113, 825, shareholders' funds £721,120 (£18,571). Meeting: Conference Centre, Winchester House, Old Broad Street, EC, April 8, noon.

JAYPLANT—Results for half year to November 30, 1980 (comparatives 14 months to May 31, 1980): Turnover £236,515 (£386,508); pre-tax profit £49,201 (£87,101); tax £19,680 (£35,393). Stated earnings per share 0.1929p (0.3379p) No interim dividend. Net expenditure on new depots opened during the period amounting to £27,900 charged to a branch development expenditure account. The company's policy is to amortise this expenditure over two years.

LAW DEBENTURE CORPORATION (investment trust)—Results for year to December 31, 1980 reported on March 7, 1981. Investments plus net current assets £21.15m (£17.24m); shareholders' funds £19.33m (£15.39m); sundry debtors £597,416 (£298,180); bank and cash balances £27,551 (£46,106). The chairman says first two months of 1981 indicate a continuing demand for company's services, and he is satisfied revenue from trustee fees will again show a reasonable increase. Meeting, 6, Gresham Street, EC, April 2, 10.30 am.

CITY AND COMMERCIAL INVESTMENT TRUST—Revenue for year to end January 1981, £666,647 (£596,225) after tax of £333,295 (£297,820). Final dividend 1.317p (1.276p), making net total of 2.821p (2.523p) Net asset value per £1 capital share 311⅞p (220⅜p).

HABIT PRECISION ENGINEERING—Results for year to September 30, 1980: Turnover £1.76m (£1.53m); pre-tax profits £48,086 (£2,376); tax £3,843 (credit £4,842); extraordinary charge £4,786 (£26,970); net profits £40,457 (£19,762) No final dividend. Interim paid was 0.55p—last year's total was 1.1p. Stated earnings per 5p share, 1.47p (0.25p).

KODE INTERNATIONAL (computer equipment manufacturer)—Results for year to December 31, 1980, reported on March 6, 1981. Shareholders' funds £4.81m (£3.81m). Historical pre-tax profits of £1.41m reduced to £971,000 on a CCA basis. Board proposes to increase authorised share capital from 5m to 6m 25p ordinary shares. It says there are no specific requirements at present and no issue which would effectively change the control of the company will be made without prior approval. Meeting, Swindon, April 16, noon.

DAVIES AND METCALFE (mechanical and electrical engineers)—Final dividend 1.02p, making 1.47p (1.34p) for 1980. Pre-tax profit £241,905 (£80,752). Net profit £381,714 (£126,984).

THERMAL SYNDICATE (makers of vitreous silica)—Results for the year ended October 31, 1980, and prospects reported February 13, 1981. Bank loan and overdraft £863,928 (£337,246), shareholders' funds £7.3m (£6.7m). At February 6, Kleinwort Benson Investment Trust held 20.7 per cent of the ordinary shares and Britannic Assurance held 9.2 per cent. Meeting: Newcastle-upon-Tyne, Thursday, April 2.

DONALD MACPHERSON GROUP (paint manufacturer)—Results for the year ended October 26, 1980, reported February 11. CCA pre-tax loss £0.58m (£2.38m profit) against historical profits £2.26m (£4.84m). Shareholders' funds £24.6m (£24.18m). Chairman says maintained high level of investment reflects confidence in the future and the group's determination to take full advantage of the economic recovery when it comes. Meeting: Winchester House, EC, April 2, noon.

NEW EQUIPMENT (manufacturer of tubular steel furniture)—Pre-tax profit for the year-end October, 1980, £151,474 (£135,254). Turnover £2m (£1.85m), tax £51,117 (£73,054). Final dividend 0.7p (0.6895p), making net total 1.05p (1.0395p).

ANGLO-INTERNATIONAL INVESTMENT TRUST—Results to December 31, 1980 reported February 25, 1981. Investments £4.13m (£3.82m), cash £264,742 (£176,466), shareholders' funds £4.1m (£3.68m). Meeting: 20 Cannon Street, EC, April 6, noon.

NORFOLK CAPITAL GROUP (hotels) —Results for the year to September 30, 1980, reported February 28, 1981. Shareholders' funds £13.21m (£15.1m), bank loans (secured) £0.79m (£4.8m), bank overdraft (secured) £5.47m (£1.22m), cash £13,714 (£838,058). Chairman says it is unlikely that this year's profits will reach 1980 level, unless there is an improvement in trading conditions within next few months. Meeting: Royal Court Hotel, SW, April 8, 11.30 a.m.

TRUST SECURITIES HOLDINGS (property developer) — Results to October 31, 1980 reported February 2. Shareholders' funds £4.36m (£808,000), development in progress £8.06m (£1.94m), cash £550,577 (£83,047), creditors £1.46m (£388,996), bank loans and overdrafts £4.55m (£1.59m). During the year the company became public, and the authorised capital was increased and re-organised. The shares are now traded in the Unlisted Market of the London Stock Exchange.

MARCHWIEL (building and civil engineering group)—Results reported February 20, 1981 for year to October 31, 1980. Shareholders' funds £58.64m (£58.51m), stocks £10.13m (£8.45m), work in progress £43.68m (£47.98m), bank balances and cash £4.38m (£9.2m), loans £525,000 (£1,13m), bank overdraft £5.87m (£2.46m). Chairman says he hopes to report in a more cheerful vein next year although it will be surprising, while recession lasts, if profits reach normal levels. Meeting, Chester, March 31, 12.15 p.m.

MALAYSIAN TIN (tin mining and ruber estate company)—Results for half year to September 30, 1980. Revenue £18,328 (£47,765), investment income £13,193 (£12,126), pre-tax profit £21,132 (£49,029), tax £5,700 (£24,900), stated earnings per 5p share 2.59p (4.2p).

STERLING TRUST—Results for 1980 reported February 5. Ordinary shareholders' interest £46.51m (£35.27m); investments £49.09m (£38.22m). Bank balances and short-term deposits £0.93m (£2.28m). Loan capital £2.45m (£3.35m). Directors say revenue account cannot be expected to be buoyant this year and they look for no more than maintenance of dividend. Meeting, Leadenhall Street, EC3, April 1, 3.30 p.m.

FOREIGN AND COLONIAL INVESTMENT TRUST COMPANY—Results for 1980, reported February 19. Investments £243.87m (£189.24m). Shareholders' funds £177.22m (£118.61m). Bank overdraft £1.09m (£57,000). Bank balances (£2.34m). Meeting, 1 Laurence Pountney Hill, EC, April 1, 12.15 pm.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The major development in the Bids and Deals sector this week was **Trusthouse Forte's** £58.4m bid for **Savoy Hotel**, which directors of Savoy swiftly rejected as "wholly unwelcome and totally unacceptable." Trusthouse is offering 84 of its Ordinary shares, or £165 cash, for every 100 Savoy A shares and the offer for the B shares is 5 Trusthouse Ordinary shares, or 975p cash, for each B share. The Kuwait Investment Office plans to accept offer in respect of its 34.1 per cent holding of A shares and 7.3 per cent of B shares.

The directors of **M.D.W.** concluded that the recent approach to the company was unlikely to lead to an offer being made.

Dealings in the shares of knitted fabric manufacturer **Bond Street Fabrics** were suspended on Thursday at 34p pending an announcement. Bond Street is currently fighting an unwelcome bid from Grovebell, the motor dealer, worth 28p per share.

The management and workforce of **Hornby Hobbies**, backed by City institutions, emerged as the successful bidders for the company which had been in the hands of the receiver since Hornby's parent company, **Dunbee-Combex-Marx**, one of Britain's largest toy groups, collapsed with debts of over £18m. The receiver was believed to be looking for a price in the region of £12m to £15m and it is understood that the offer was in the upper range of this estimate.

In its first U.S. expansion move, **Transport Development** agreed to pay $14.55m (£6.67m) for the California-based freight services group, **Willig Freight Lines**.

A bout of merger fever continues in the U.S. Following *Standard Oil of California's* (Socal) $3.89bn bid for **AMAX** at the end of last week, **Seagram**, *the world's largest distiller and wine producer*, launched a $2bn (£902m) bid for **St. Joe Minerals**, while **Standard Oil Company of Ohio** (Sohio), the sixth largest U.S. oil group, owned 53 per cent by British Petroleum, announced a $1.77bn (£797m) merger agreement with **Kennecott**, the largest U.S. copper company.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc'tce date
	Prices in pence unless otherwise indicated.					
Avenue Close	86§§	84	78	10.47	Peachey Property	20/3
Bond Street	28§§	34††	26	0.55	Grovebell	—
Booth Intnl.	59§§	58	34	2.36	Garner Scotblair	23/3
Bristol Evening Post	190§*	170	105	5.92	Associated Newspapers	—
Carlton Inds.	278*	275	255	74.65	Hwkr. Siddly.	—
Central Man. and Trad.	55*	54	50	11.40	Caparo	—
Centreway	132§§	116	123	1.63	Centreway Trust	—
Denbyware	80*§	86	74	2.41	Crown House	—
Eva Inds.	40*§	39	37	2.73	Anglo Indonesian	16/3
Greenbank Tst.	138*	156	85††	1.09	Mallon Fin. Servs.	19/3
Hawthorn Leslie	147*§	145	107*	2.31	Starwest	—
Inveresk	35*	33	35	7.12	Georgia-Pacific	—
London Sumatra¶¶	376	363	340	31.97	Harrisons and Crosfield	—
Negretti and Zambra	25*	25	30½	0.80	Western Scientific	17/3
Record Ridgwy.¶¶	42*	40	20	4.7	Banco	—
Renwick	85*	88	77††	7.64	Kangra	30/3
Robertson Foods	153	135	97	17.83	Avana	20/3
Rosgill	28*	27½	28	2.68	Amber Day	17/3
Savoy "A"	165‡§§	165	125	45.82	Trusthouse	—
Savoy "B"	985	975	775	12.86	Trusthouse	—
Stag Line¶¶	430*	418	270††	5.30	Hnig. Gibson	16/3
Stroud Riley Drummond	42*	50	50	0.91	Mr. Stefan Simmonds	—
Tunnel "B"	205	380	320	37.41	Ward (T. W).	—
UDT	57*	56	52	109.8	TSB	27/3

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 13/3/81. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
BP	Dec.	1,430‖	(1,620)‖	91.8	(104.8)	20.25	(17.5)
Brain (S. A.)	Sept.	2,170	(1,970)	88.2	(95.4)	23.0	(20.0)
Brit. Aluminium	Dec.	12,130	(20,630)	19.7	(36.3)	7.5	(13.5)
Brit. Enkalon	Dec.	8,930L	(2,150)L	—	(—)	—	(—)
BTR	Dec.	70,300	(57,200)	29.5	(22.6)	10.75	(8.63)
Clay (Richard)	Jan.	561	(2,010)	7.9	(14.9)	3.0	(3.5)
Collins (William)	Dec.	2,050	(255)L	12.1	(—)	3.0	(—)
Corah	Dec.	1,760	(3,170)	4.5	(9.4)	2.9	(2.9)
E. Lancs Paper	Dec.	103	(1,610)	14.5	(25.4)	3.5	(4.79)
Farmer (S. W.)	Dec.	1,020	(1,190)	26.1	(25.4)	9.17	(9.17)
George Oliver	Dec.	1,050	(1,700)	16.5	(27.5)	4.4	(4.0)
Ldn. & Manchstr.	Dec.	3,040†	(2,460)†	13.3	(10.8)	15.0‡	(12.5)‡
Needlers	Jan.	332	(361)	14.4	(16.7)	2.5	(2.5)
Neil & Spencer	Nov.	264L	(1,740)	0.1	(10.3)	2.1	(3.5)
Nu-Swift Inds.	Dec.	1,090	(900)	4.0	(2.4)	2.05	(2.05)
Pentos	Dec.	2,220L	(3,820)	—	(9.0)	1.4	(4.03)
R. Dutch/Shell	Dec.	2,225‖	(3,051)‖	78.1	(112.2)	19.1	(18.76)
Robinson (Thos.)	Dec.	370	(1,200)	6.7	(14.2)	5.0	(4.82)
Schroders	Dec.	8,190¶	(6,600)¶	52.4	(42.2)	10.5	(8.72)
Sedgwick Group	Dec.	41,570	(47,470)	10.1	(11.4)	5.0	(5.0)
Transport Delp	Dec.	21,370	(22,260)	10.6	(10.8)	4.25	(4.25)
Tube Invests.	Dec.	26,700	(52,200)	18.5	(53.3)	15.0	(25.5)
Turner & Newall	Dec.	6,400	(27,500)	—	(6.3)	6.0	(11.0)
Ultramar	Dec.	126,300	(75,400)	69.3	(49.2)	11.0	(7.5)
United Biscuits	Dec.	47,800	(43,700)	12.1	(13.9)	4.37	(3.7)
Woolworth (F.W)	Jan.	39,220	(57,250)	8.0	(11.0)	4.79	(4.92)

Scrip Issue

BTR—One for two.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Courtney Pope	Nov.	310	(440)	1.2	(1.2)
Findhorn	Jan.	126	(103)	6.0	(5.5)
Galliford Brndly.	Dec.	1,380	(1,290)	1.13	(1.13)
Green (R.) Props.	Dec.	508	(742)	0.7	(0.7)
Herrburger Brks.	Nov.	135	(157)	—	(—)
HTV Group	Jan.	1,500	(1,210)	3.5	(3.5)
Hunt & Moscrop	Dec.	225	(208)	0.36	(0.36)
Jarvis (J.)	Sept.	245	(145)	6.0	(5.5)
Link House	Dec.	2,200	(2,140)	3.2	(2.8)
Manganese Brnze.	Jan.	637L	(185)	—	(—)
Maynards	Dec.	1,520	(1,650)	3.13	(1.88)
Narbrgh. (FMS)	Dec.	105	(114)	—	(—)
Parker Knoll	Jan.	1,180	(2,060)	2.5	(2.5)
Scholes (Geo. H.)	Dec.	390	(1,030)	4.0	(6.0)
Stocklake Hldgs.	Sept.	1,290	(857)	1.5	(0.85)
Strong & Fisher	Dec.	129L	(669)	2.8	(2.8)
United City Merc.	Dec.	1,040	(2,050)	0.6	(0.6)

(Figures in parentheses are for corresponding period.)
* Dividends shown net except where otherwise stated. † Net profit. ‡ Gross dividend. ¶ Profits after tax. L Loss. ‖ Net income in £m.

Rights Issue

PMA Holdings—To raise £1m by way of a rights issue of 1,115,293 10 per cent convertible cumulative redeemable preference shares of £1 each on the basis of seven preference shares at par for every 40 ordinary shares held.

Offers for sale, placings and introductions

Sound Diffusion—Placing £4.5m new ordinary shares.

BIDS AND DEALS

Bid approach for Warner Holidays

Warner Holidays, the only independent British holiday camp operator with a stock market listing, received a surprise bid approach yesterday afternoon.

The bidder has not been named and no announcement is expected for a couple of days.

Like the Savoy Hotel group, which is the subject of a bid from Trusthouse Forte, Warner has a complex share structure by which the "A" shares carry only a tenth of the voting power of the ordinary shares.

As a result, the Warner family, led by Mr. Bill Warner, the chairman, control more than half the votes.

The Butlin family, whose own holiday camp operations have been absorbed within the Rank Organisation, holds a stake of less than 5 per cent in Warner. Mr. R. F. Butlin was not available for comment yesterday, but a spokesman for Rank firmly denied that Rank was in the bidding.

Whitbread, the brewing group, holds a 6.7 per cent stake in the "A" shares. "The company never comments on Stock Exchange rumours," a spokesman said yesterday.

The stock market's rating for the shares, which were suspended at 64p for the ordinary shares and 55p for the "A" shares, values Warner at £5m.

In the year to January, 1980, Warner's pre-tax profits were £1.12m. In the first half of this year trading was adversely affected by the general economic climate, the directors reported, and the company suffered a loss of £104,000.

Bookings improved towards the end of the summer, but the Board warns that final figures for the year to last January, will be *somewhat less than for the* previous year.

YELVERTON ACQUIRES TIGERCREST

For a consideration satisfied by the issue of 666,667 ordinary 5p shares, Yelverton Investments has acquired Tigercrest, which is principally engaged in dealing in securities.

At acquisition date (March 11) it had a portfolio of marketable securities valued at some £125,000 and cash at bank of £75,000.

The vendors of Tigercrest have warranted that the company's net asset value was not less than £195,000. And they intend to retain 166,667 Yelverton shares (4.9 per cent of issued capital) with the balance of the consideration being privately held.

MONUMENT SECS.

THE Stock Exchange listing of Monument Securities has been cancelled at the company's request.

Last December Munton Brothers, a privately-owned Belfast shirt manufacturer which sells most of its output to Marks and Spencer, stepped in with a rescue bid for Monument.

In November a receiver was appointed to Universal Towel, laundry supplies company, which was the only remaining trading subsidiary of Monument. Muntns' offer for Monument has been declared unconditional as to acceptances which have been received in respect of 82.9 per cent of the capital.

SLEIGH OFFER UNCONDITIONAL

H. C. Sleigh UK has received acceptances totalling more than 90 per cent of the issued share capital of R. H. Thompson Group, and it has therefore declared the offer unconditional and has assumed control of that company.

NO PROBE

The folowing proposed mergers are not to be referred to the Monopolies Commission: Suter Electrical/Prestcold Holdings; Anglo - Indonesian Corp./Eva Industries; Hambros controlling interest in Cherrynorth.

COOPERS OFFERS WITHDRAWN

Mr. and Mrs. Claude Cooper have withdrawn their offers for Whitley Bay Entertainments. They hold 133,297 (27.2 per cent) ordinary shares.

Mutual & Federal acquiring Royal's SA offshoot for R4m

Mutual and Federal plans to acquire **British Engine Insurance Company of South Africa**, a wholly-owned subsidiary of the **Royal Insurance Group**, for R4m.

Although the directors of Mutual say that the acquisition will have no immediate impact on earnings, they are confident it will have an advantageous linkage effect on profits.

Currently, Mutual uses British Engine as its agent in the insurance of engineering equipment, and underwriters for the construction and commissioning of major capital projects.

British Engine has an annual premium income of about R7m, compared with the R64.6m net of reinsurance reported by Mutual for the year ended June 30, 1980.

In addition to its insurance activities, British Engine is a Government approved inspection authority, providing design, inspection and quality assurance services to industry in South Africa and neighbouring territories.

Mutual is 78 per cent owned by Mutual and Federal Investments, which is in turn 49 per cent owned by Royal Insurance and 51 per cent by South African Mutual. The acquisition depends on approval by the British and South African authorities and will be effective as from January 1 last.

For the June 30, 1980, year Mutual turned in taxable profits of R6m. Earnings per share are given as 126.7 cents and the total dividend was 52 cents—interim results for the current year are due on Monday.

SHARE STAKES

Blockleys—Mepstar Finance, of Burwood Park, Walton-on-Thames, announces that following purchases in the market on March 11, the company is now beneficially interested in 78,000 (5.2 per cent) shares.

Carrington Investments—As a result of Messrs Orton and Bevan's offer last November, they now own 96 per cent of the ordinary shares.

Young and Co.'s Brewery—Prudential Group of companies holds 205,000 "A" ordinary shares (9.87 per cent) as a result of recent transactions.

J. W. Wassall—M. D. Barnard is no longer a holder of more than 5 per cent of the shares.

Sumrie Clothes—Harvey M. Ross, of Harvey Michael Investments, has increased his holding to a total of 362,500 shares, representing 14.5 per cent.

London and Liverpool Trust—Castlebridge sold 821,602 ordinary shares on March 10.

Majedie Investments—T. B. Barlow, director, has sold 100,000 shares reducing holding to 764,416 shares. These shares have been bought by Calmoter Investments which is owned by H. S. Barlow, also a director of Majedie, making his holding 2,337,265 shares.

Mercantile House Holdings—Electra Investment Trust sold 400,000 shares on March 6 leaving holding 200,000 shares (2.84 per cent).

Triplevest — Merchant Navy Officers' Pension Fund is the *beneficial owner of* 1,143,500 capital shares (19.1 per cent).

City and Commercial Investment Trust—Merchant Navy Officers' Pension Fund is the beneficial owner of 372,500 capital shares (10.6 per cent).

Dualvest — Merchant Navy Officers' Pension Fund is the beneficial owner of 244,500 capital shares (12.2 per cent).

Ault and Wiborg Group—Sun Chemical Corporation purchased 225,000 ordinary shares (1.15 per cent) and is now interested in 9,428,104 (47.99 per cent).

Wearwell—London Trust has sold 500,000 shares, reducing its holding to 1,000,000 shares (less than 5 per cent).

Scottish Ontario Investment—Kuwait Investment Office has acquired 225,000 shares and now holds 4,030,000 shares (14.6 per cent).

St. Andrew Trust—British Railways pension funds owns 772,500 shares (6.74 per cent).

Dewhurst Dent — Textile Investment has acquired 75,000 shares increasing its holding to 2,802,726 shares (27.2 per cent).

Liberty — Merchant Navy Officers Pension Fund recently purchased 130,000 shares, bringing holding to 340,000 (7.73 per cent).

Paringa Mining and Exploration — Mercantile Investment Trust has purchased 140,000 shares and now holds 1,002,500 (9.282 per cent).

Dixons Photographic — Prudential Corporation Group now holds less than 5 per cent of the share capital.

Sumrie Clothes—Mr. Harvey M. Ross (Harvey Michael Investments) has increased his holding to 337,500 shares (13.5 per cent).

Industrial and General Trust—Trustees of the National Coal Board staff superannuation scheme and the mineworkers' pension scheme hold 13,224,165 shares (6.14 per cent).

Leda Investment Trust—*London Trust has sold a further* 125,000 income shares, thereby reducing its holding to 535,000 (10.74 per cent).

APPOINTMENTS

Keyser Ullmann group changes

Mr. G. C. Rowett has been appointed to the Board of KEYSER ULLMANN HOLDINGS as chairman in place of Mr. D. W. Wilde, who has resigned from the Board. Mr. Rowett is deputy chairman and chief executive of the Charterhouse Group and Mr. Wilde remains a director of that company. Mr. N. J. Cosh has become an additional director of Keyser Ullmann Holdings.

Changes have also been made at HOCROFT TRUST. Mr. Rowett joins that Board as chairman succeeding Mr. Wilde, who has resigned his directorship. Resigning from the Hocroft Board are Mr. G. A. Naggar, Mr. R. A. Good, Mr. M. J. Harper and Mr. C. M. Keyser. Mr. T. K. Day, Mr. N. P. S. Horne, Mr. N. J. Cosh and Mr. K. H. Thompson have been appointed in their place. Mr. Naggar and Mr. Keyser remain on the Board of the Charterhouse Group. Mr. Harper continues as a director of Charterhouse Japhet.

Mr. C. Playle-Mitchell has become secretary of Keyser Ullmann Holdings and of Hocroft Trust following the resignation of Mr. T. K. Day from both companies.

★

Mr. E. O. Crawford and Mr. G. M. Joblin have been appointed directors of GARTMORE PENSION FUND MANAGERS.

★

Mr. Desmond Harney and Mr. R. A. Needs have been *appointed directors of LONDON* BRICK COMPANY.

★

Mr. Frank Thomlinson, a main Board director of TATE AND LYLE and managing director of its UK division, has been elected chairman of the BRITISH SUGAR BUREAU in succession to Mr. John Beckett. Mr. Rodney Lund has become vice-chairman of the Bureau.

★

Mr. Douglas A. W. Foster has been appointed chief executive of RTC and Mr. Fred V. Hayward has joined the company as managing director. Mr. Hayward, a member of Lloyd's, was managing director of Bayly Martin and Fay.

★

Mr. Peter Griffiths and Mr. Cameron Walker have joined the *Board of BETZ, of Winsford,* Cheshire, as market planning director and sales director, respectively.

★

Mr. Michael Battersby has been appointed chief inspector of LLOYDS BANK to control security of the banks 2,300 branches. He succeeds Mr. W. R. F. Probert, who has retired. Mr. Bill Martin is to become premises manager in place of Mr. George Challis, who retires at the end of May.

★

Mr. Norman King, a group director of ELECTROCOMPONENTS, is to take over the managing directorship of R. S. Components from Mr. Ron Marler, chairman of the Electrocomponents group. Mr. Alan Cavanagh, a director of R. S. Components, will succeed Mr. King as managing director of Electrospares. The changes come into effect later this year.

★

Mr. N. E. Shepherd, general manager (investments) of the Guardian Royal Exchange Assurance, has been appointed a non-executive director of EQUITY CAPITAL FOR INDUSTRY in succession to Mr. E. F. Bigland who has retired.

★

The following changes will take place in the advertisement department of the FINANCIAL TIMES from May 1. Mr. John Waring will be advertisement director; Mr. Michael Prideaux, UK advertisement director, to be responsible for the co-ordination of the survey programme, and UK trade and financial advertising; and Mr. Brian Powell will become classified advertisement director.

★

Mr. David Small has been appointed assistant general manager, planning, at the WOOLWICH EQUITABLE BUILDING SOCIETY. Mr. Small was formerly one of the society's solicitors.

★

Mr. G. K. Forshaw has been appointed managing director of TOWERS AND CO. in succession *to Mr. J. B. Buxton, who has* returned to New Zealand. Mr. M. J. Riley, a non-executive director, has been made deputy chairman, and Mr. D. C. Kirkpatrick has become chairman, in addition to his position as chairman of the parent company, Towers International, Wellington, New Zealand.

★

Mr. R. V. Fabian has been re-appointed to the Board of the CHELSEA BUILDING SOCIETY, following a short period in South Africa. Mr. F. Y. Andrews, a director, has resigned because of ill health.

★

Mr. John Quilter has been appointed director in charge of the newly-formed separation and thermal engineering division of ALFA-LAVAL, of Brentford.

★

Mr. Ray Jenkins has been appointed estimating director of MILLARD CONTRACTORS and Mr. Malcolm Scott has become development director of MILLARD HOMES. The companies are members of the Wood Hall Trust group.

★

Mr. Jon D. Horswill has become assistant director (fire) and Mr. David W. Lymposs, assistant director (marketing and development) within the specialist underwriting division of BRITISH NATIONAL LIFE INSURANCE SOCIETY.

★

Mr. H. F. W. Cory has been elected to the national board of COSIRA (the Council for Small Industries in Rural Areas) and he will act as regional director for Dorset and Wiltshire.

★

Mr. W. F. R. Brandford-Griffith has been appointed a director of MONTAGUE L. MEYER.

★

Mr. Glyn Jenkins has been appointed an executive director of MERCANTILE CREDIT COMPANY from April 1.

★

Mr. Berry Durose has been appointed group sales director of R. SMALLSHAW (KNITWEAR).

CORAL INDEX: Close 475-480 (−4)

LEGAL NOTICES

No. 001192 of 1981

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of *HARDINGE MACHINE TOOLS LIMITED* and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the the 3rd day of March 1981 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £400,000 to £231,390 by cancelling 168,610 Ordinary Shares of £1 each and returning the capital paid up thereon together with a premium of £1,604,032 which is in excess of the wants of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Nourse at the Royal Courts of Justice, Strand, London, WC2 on Monday the 23rd day of March 1981.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 12th day of March, 1981.

LINKLATERS & PAINES (A.Rob.),
Barrington House,
59/67 Gresham Street,
London EC2V 7JA.
Solicitors for the Company.

PERSONAL

TUITION available in Japanese, experienced cand. (Waseda Univ.). Write Box T5452, Financial Times, 10 Cannon St., EC4P 4BY.

Goodman Bros. down at midterm

Pre-tax profit of Goodman Brothers and Stockman, for the half year to October 31, 1980, declined from £339,000 to £214,000, on turnover down from £7.83m to £5.9m. For the year to April 30, 1980, profit before tax came out at £432,000

Tax on this clothing manufacturer took £111,000 (£176,000) and stated earnings per 5p share emerged at 1.055p (1.67p)

Perkin-Elmer

Taxable profits of Perkin-Elmer improved from £1.01m in the half year to end-December, 1980, on turnover £1.86m higher at £10.43m.

Tax for the six months rose from £527,054 to £637,780.

The ultimate holding company of the group, which designs, manufactures and sells scientific analytical instruments, is Perkin-Elmer Corporation of the U.S.

LONDON TRADED OPTIONS

(Mar. 13 Total contracts 1777)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	33	31	—	—	—	—	406p
BP	390	13	22	38	4	50	10	"
BP	420	7	8	24	—	34	1	"
BP	460	3	—	13	1	—	—	"
BP	500	1½	4	6	1	—	—	"
Com. Union	140	21	—	24	—	30	1	156p
Com. Union	160	6	2	10	—	14	—	"
Cons. Gold	420	48	52	72	—	82	1	456p
Cons. Gold	460	27	71	52	14	60	3	"
Cons. Gold	488	14	27	—	—	—	—	"
Cons. Gold	500	—	—	38	37	42	—	"
Cons. Gold	538	7	10	—	—	—	—	"
Cons. Gold	550	—	—	24	84	28	47	"
Cons. Gold	588	5	11	13	72	—	—	"
Cons. Gold	688	1½	—	3	5	—	—	"
Courtaulds	50	11	40	12½	—	13	—	60p
Courtaulds	60	3½	—	6	2	6½	—	"
GEC	550	100	1	118	—	135	—	643p
GEC	600	50	60	82	—	98	—	"
Grand Met.	140	34	—	38	4	42	—	170p
Grand Met.	180	4½	—	10½	9	15	—	"
ICI	240	8	6	22	10	28	2	328p
ICI	260	2½	13	12	11	21	2	"
ICI	280	1½	—	6	15	14	4	"
ICI	300	½	2	2½	—	10	20	"
ICI	330	½	—	1½	3	—	—	"
ICI	360	½	4	¾	—	—	—	"
Marks & Sp.	110	7½	—	10½	2	15	—	112p
Marks & Sp.	120	2½	6	5½	2	9½	—	"
Marks & Sp.	130	1	—	3	1	6	—	"
Shell	390	24	12	34	—	46	—	408p
Shell	420	9	18	18	6	26	1	"
Shell	460	2½	—	10	1	14	1	"
Shell	500	1	—	4	1	—	—	"
Totals			400		285		93	
		May		August		November		
Barclays B'k	420	7	5	20	—	28	10	390p
Imperial Gp.	80	¼	—	2½	—	2½	2	68p
Lasmo	600	40	10	67	—	97	—	602p
Lasmo	650	20	4	44	—	63	1	"
Lasmo	700	12	8	25	1	42	4	"
Lasmo	750	5	6	15	—	—	—	"
Lasmo	800	1½	10	8	—	—	—	"
Lonrho	90	10½	25	14	—	16	—	95p
Lonrho	100	4½	4	8	—	10	2	"
Lonrho	110	2	53	4½	2	7	50	"
Lonrho	120	1	—	2¼	5	—	—	"
P. & O.	120	12	6	15	—	18½	—	128p
P. & O.	130	5	2	9	2	13½	—	"
Racal Elec.	330	38	3	51	—	63	—	348p
Racal Elec.	360	19	10	33	—	46	—	"
Racal Elec.	390	5	4	20	—	34	—	"
RTZ	360	115	—	118	3	—	—	463p
RTZ	390	85	1	90	—	105	—	"
RTZ	414	62	43	—	—	—	—	"
R.Z	420	—	—	70	40	85	1	"
RTZ	454	38	82	—	—	—	—	"
RTZ	460	—	—	50	106	66	30	"
RTZ	494	18	667	—	—	—	—	"
RTZ	500	—	—	30	298	—	—	"
Totals			443		456		100	

WORLD STOCK MARKETS

Wall St. higher and active

FURTHER WIDESPREAD gains were recorded in heavy trading on Wall Street yesterday, when investors responded to a drop in interest rates and takeover speculation.

By 1 pm the Dow Jones Industrial Average was up another 5.32 to 995.14, making a rise of 30.52 on the week. The NYSE All Common Index, at $76.89, rose 62 cents on the day and $2.43 on the week, while advances led declines by a five-to-two majority. Volume surged to 51.7m (33.45m) shares — the fourth heaviest three hour trading on record.

The huge premiums over market prices offered for three Natural Resource companies in recent days spurred heavy buying of many Natural Resource issues. Interest rates fell in the Credit Market again although no major bank followed Chemical Bank in cutting its Prime rate to 17½ per cent.

Among Natural Resource companies, Asarco climbed a further $2¼ to $43¾, Newmont Mining $3⅜ to $56⅞, AMAX $2⅜ to $59⅜, and active St. Joe Minerals $⅞ to $48½. St. Joe Minerals rejected a Seagram takeover bid earlier this week.

Kennecott had yet to trade, but Standard Oil Company (Ohio) lost $2¼ to $52¾. Thursday, they announced an agreement by which Sohio would pay $62 for each Kennecott share. Kennecott closed Wednesday at $27. British Petroleum, which holds 53 per cent of Sohio, slipped $⅝ to $36⅛. Thursday BP reported lower year net earnings.

Brokerage stocks climbed in response to the market volume surge. E. F. Hutton gained $1¼ to $29½, Merrill Lynch $1¼ to $34¾, Shearson Loeb Rhoades $1⅞ to $33½, Dean Witter $½ to $20⅞ and Paine Webber $⅞ to $18⅞.

Some Blue Chips moved higher. Du Pont added $1 at $51¼, Merck $1 at $86 and International Paper $⅞ at $49⅞.

THE AMERICAN SE Market Value Index added 2.31 at 345.74, making a rise of 9.08 on the week. Volume 4.64m (3.27m) shares.

Closing prices for North America were not available for this edition.

Canada

Markets posted a further strong advance in noon trading yesterday, when the Toronto Composite Index rose 18.1 to 2245.9.

The Metals and Minerals Index moved up 38.9 to 2345.4, Golds 77.2 to 4065.7, Oils and Gas 25.3 to 4245.3, Banks 1.91 to 395.59 and Utilities 0.29 to 259.87. But Papers shed 0.7½ to 266.69.

Paris

Higher in fairly active trading following the improvement in President Valery Giscard d'Estaing's showing in the opinion polls.

Electricals were mainly up, although Cit-Alcatel eased FFr4 to 926.

Stores, Engineering and Chemicals were uneven.

Elf-Aquitaine gained FFr 1 to 1980 parent company profit and dividend.

The Oil sector as a whole was firmer, as were banks, Portfolios and Foods.

Switzerland

Higher in active trading with increasing Foreign demand and prospects of steadier Swiss interest rates the major factors.

Thursday's firm Wall Street and new reductions in the Prime rate also influenced the market.

Among leading Industrials, Brown Boveri, Ciba-Geigy and Nestle continued to profit from Foreign demand.

Hermes continued to decline—it recently said Olivetti will take over a majority of its voting shares.

Germany

Share prices firmed in active trading, spurred by the presence of Foreign buyers.

Dresdner rose DM 1 to 151.60 in mixed Banks, the one sector not benefiting from new buying impulse.

Metallgesellschaft put on DM 1 to 319 after increasing its dividend payment by DM 2 late Thursday.

Milan

Mixed in cautious end-Account trading.

Properties were led higher by Italmobiliare, while Italcementi rose L2,610 to L53,600 among Industrials.

Amsterdam

Mainly higher with KLM rising Fl 5.6 on a higher February load factor.

Banks were lower, with WUH weakening Fl 3.50. But Investment Funds firmed.

State Loans improved.

Turnover on the European Options Exchange rose to 4,279 contracts, comprising 3,029 Calls and 1,250 Puts. Royal Dutch, the most active with 2,036 contracts, followed by KLM with 1,211, AKZO with 468 and Philips with 202.

Hong Kong

Mostly lower in quiet trading, with the Hang Seng Index losing 24.22 to 1,323.26.

Prices opened firmer after Thursday's sharp rises, but came back on lack of buying support, with the retreat accelerating in the afternoon.

Fears of further Rights issues overhang the market and investors failed to take encouragement from Chemical Bank's decision Thursday to cut its Prime rate to 17½ per cent, the first major U.S. bank to do so.

Singapore

Lower again for the third straight day, with the Straits Times Industrial Index down 24.85 to 772.75. The index has fallen 6.4 per cent in three days of broad declines from Tuesday's record 825.47.

All sectors weakened, in moderate trading.

Prospects for a cut in local Prime rates next week did not help the market. Although Money Market rates have tumbled, making Prime reductions appear imminent, a broker was unimpressed.

There were almost no exceptions to the day's decline, a broker said. He noted United Overseas Bank (UOB) announced what he called "fantastic" results for 1980, without tying the results to any Rights issue, and the shares shed 5 cents to HK$5.35.

Tokyo

Prices continued to decline in thin trading, mainly due to a continuous drop in speculative stocks and some softening Machine Tool issues.

Some gains in stock prices in the New York Market the previous day didn't affect the Tokyo Market. However, trading in late February and early March is usually slow because most Japanese firms make financial settlements and file tax returns during the period.

Australia

Share prices closed higher across the board on stepped-up volume as Gold prices firmed in London and Base Metal prices also improved.

Central Norse, GMK and the other Gold favourites all scored well, but the strength of the Mining Houses was more impressive. CRA, Western Mining and Peko-Wallsend led the stocks powering the Resource Index gains. There was talk of a big diamond find behind the CRA gain, especially as it was linked to a stronger performance by Ashton.

The Goldfields group was a weak spot with London showing little enthusiasm for the proposed reorganisation and Australianisation.

Conventional Oils were strong but there was little movement in Shales because of reports that Mining Houses were giving up Rundle leases because they had failed to measure-up.

Selected Coal Mines pushed ahead.

Indices

MONTREAL	Mar. 12	Mar. 11	Mar. 10	Mar. 9	1980/81 High	1980/81 Low
Industrials	368.67	365.98	365.58	364.24	425.80 (28/2/80)	323.61 (27/3)
Combined	349.82	345.38	345.57	346.21	378.98 (29/10)	286.80 (27/3)
TORONTO Composite	2227.8	2181.6	2190.1	2181.8	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
St. Joe Mins.	1,097,400	47½	+1⅞
Phillips Petrolm.	596,100	51½	+5½
Ralston Purina	564,100	12	−⅛
Sony	561,000	17⅝	−⅛
Pennzoil	534,400	41¾	+1½
Trans World	487,300	22⅝	+1⅛
Eastman Kodak	487,800	81⅞	+2⅜
Storage Tech.	467,400	22	+2
Texaco	464,000	38¼	+1
Cons. Edison-NY	442,500	25⅞	+⅞

INTERNATIONAL COMPANIES and FINANCE

BARON 'FORCED' TO LEAVE

Empain-Schneider to rationalise

BY TERRY DODSWORTH IN PARIS

BARON Jean-Edouard Empain, the recently-retired head of Empain-Schneider, the French conglomerate, has followed up his hasty departure from the group with a bitter attack on the industrial power politics which, he claims, forced him to leave.

The Baron's remarks, reported in the weekly Paris-Match, lend support to the widespread impression that he was effectively ousted following pressure from a combination of interests, including the French authorities.

But he also admitted that his long kidnapping ordeal in 1978 had undermined his "fighting spirit and authority" within the company. "I am a sick man and I am off to the U.S. for treatment," he said.

Empain-Schneider, estimated as the sixth largest industrial company in France with a turnover of FFr 38bn ($7.2bn) and 135,000 workers, became the most important private concern involved in France's nuclear power programme during the Baron's period as chairman.

Because of its pre-eminence in the nuclear field, the company is continuously under the eye of the Government. But the Baron has said he has never found relations easy with the authorities. "With the company in the hands of a competent man, and the Government happy, they let me know that my presence was no longer needed," he said.

The Baron's departure, preceded by the sale of a controlling interest in the holding company to the Paribas banking group, is to be followed by a wide-ranging reorganisation.

M. Didier Pineau-Valenciennes, the new chairman brought in by the Baron, said in an equally hard-hitting interview yesterday that the group was full of "haemorrhages."

He made it clear that he will be seeking to cut out a lot of the poorly-performing businesses which have undermined the groups results, particularly in the engineering sector, while reforming the management. "I shall create new habits or I shall change the team," he said.

Profits surge at Adelaide Steamship

By Our Sydney Correspondent

ADELAIDE Steamship boosted earnings 48 per cent from A$5.04m to A$7.5m (U.S.$8.67m) in the six months to December 31. A major contribution to the improvement came from last year's purchase of David Jones, the Sydney-based retailer.

"The sixth consecutive annual profit record also brought the second scrip issue in less than a year and an increase in the interim dividend. The profit was achieved on a 34 per cent improvement in sales from A$60.9m to A$81.6m.

"The dividend has been lifted from 5 cents to 8 cents a share on capital increased by the scrip issue last year.

"The company posted a A$21m extraordinary profit.

The latest scrip issue will be on a one-for-five basis, the same as in 1980, and Mr. John Spalvins, the chief executive, said that the company expected to maintain the increased dividend on the higher capital.

Waltons stages sharp recovery

BY OUR SYDNEY CORRESPONDENT

WALTONS, the Australian retailing concern, has shown a strong return to profitability. The company yesterday announced it had turned a A$27,000 loss into a A$6.02m (U.S.$6.98m) profit in the first half of the current year on a 6.2 per cent sales rise.

Despite the strength of the turnaround, the directors have decided against breaking the 18-month dividend drought and are unable to estimate when it will return to the dividend lists.

Waltons has recently been the victim of a two-way struggle for its control with Mr. Alan Bond, the West Australian entrepreneur, emerging victorious over the Liberman family from Melbourne. Mr. Bond now controls 43 per cent of the capital and is standing in the market for additional shares.

Waltons directors yesterday took the occasion of the profit statement to issue their long awaited advice to shareholders on the bid for the company.

While the directors said that it was difficult to give unqualified specific advice to all shareholders who would have to take their individual situations into account, they added that they inclined to the view that shareholders who see their holdings primarily as a source of current dividend income "should give serious consideration to selling in the market for $1.10 before March 26."

The group expects that results for the next six months will show a material improvement over the previous corresponding period.

Islam loan system goes to court

BY KATHY BISHTAWI IN DUBAI AND PATRICK COCKBURN IN LONDON

THE ISSUE of bank interest in Islamic countries is being brought up in London and the United Arab Emirates with the start of a High Court case between a Dubai sheikh and a number of UAE and international banks.

The case, which concerns the alleged non-payment of interest and principal on a $16m syndicated loan, is one that involves the National Bank of Abu Dhabi, majority owned by the Abu Dhabi Government. The bank acted as agent for the loan.

The question of bank interest has been the subject of a number of legal cases in the UAE, revolving around the conflict between traditional Islamic attitudes and European law. Dubai has normally had a more commercial attitude to interest rates than Abu Dhabi.

But the chairman of the Central Bank of the UAE has said to the judiciary that interest can be sued for in the courts, though the force of this statement is unclear.

The case involves Sheikh Mohammed bin Khalifa al Maktoum who in 1978 took a $16m syndicated loan for the construction of a shop and office complex in Diera souk in Dubai. The very high spread of 2.25 per cent above London interbank offered rate (Libor) reflected the local banking community's attitude towards property development. Rents and key money have since gone down in the emirates outside Abu Dhabi.

The syndicated loan was signed by the National Bank of Abu Dhabi, the Emirates National Bank, the Arab African International Bank of Cairo, the Union Bank of the Middle East of Dubai, Banco Espanol and the Uban Arab Japanese Finance Company of Hong Kong.

A meeting of the banks involved was held at the beginning of February and notification was received that the client intended to institute legal proceedings in Abu Dhabi, though the loan was signed in Dubai, requesting a rescheduling of the loan and absolution, on religious grounds, from the requirement to pay interest. The reasoning behind this is that the UAE is governed by Islamic law, and thus the constitution would forbid the paying of interest.

The banks themselves responded by instituting legal proceedings in the High Court in London, seeking summary judgment on the basis that the loan agreement was governed by English law. Judgment is expected in the near future.

LKAB asks for State aid as loss mounts

By William Dullforce in Stockholm

LKAB, the Swedish state iron mining company, made a pre-tax loss of SKr 353m ($76.5m) in 1980 and anticipates an even bigger loss of around SKr 750m in the current year. It has asked the Government for just over SKr 1bn to cover these losses.

Sales at SKr 2.32bn were SKr 50m higher than in 1979, but deliveries of iron ore and pellets slumped from 26.7m tonnes to 21m tonnes.

The result shatters the hope expressed last May by Mr. Sven Johansson, the managing director, that the 1980 loss could be restricted to SKr 80m. It follows losses of SKr 492m in 1979 and SKr 675m in 1978.

The main problem for LKAB has been the sharp downturn in West European steel output, which is expected to continue low through most of this year.

A further factor is the heavy freight charges imposed by the Swedish state railway for transporting the ore to Narvik in Norway. LKAB currently pays some SKr 700m a year to the Swedish and Norwegian railways. The Government has now promised to cut the charges.

A report on the restructuring of the company has been delayed until next month but Mr. Johansson said this week that LKAB needed to reach an output of 25m tonnes of ore a year to make ends meet. Rationalisation would reduce the number of jobs in the mines by 200 a year over the next five years. Some 1,500 jobs have disappeared since 1974, leaving the current labour force in the mines at 6,800.

The LKAB board decided on Thursday to go ahead with exploitation of a copper find at the Viscaria mine in North Sweden. The Government has already agreed to put SKr 50m in share capital and SKr 110m in loans into this project, while a further SKr 165m is to be raised in bank loans.

The Viscaria find is estimated to contain at least 50m tonnes of ore with an average copper content of 1.9 per cent. Some 20m to 25m tonnes of the ore is regarded as technically exploitable.

Strong final quarter boosts Thomson Newspapers result

BY OUR FINANCIAL STAFF

THOMSON NEWSPAPERS, the holding company controlling the North American newspaper interests of International Thomson, pushed earnings ahead in the final quarter of last year to bring in a net total of C$75.8m (US$60.2m) or C$1.53 a share, a gain of 17 per cent over the previous year. Revenues, at C$522.2m, were 56 per cent higher.

At the nine-month stage, earnings were only level pegging after the group had taken a special charge of C$7.6m covering withholding tax on a special dividend paid by its U.S. subsidiary.

Over the past year, Thomson Newspapers has acquired four daily and two weekly newspapers in the U.S. It was recently beaten by Olympia and York Investments in the contest for control of Abitibi-Price, which is the world's largest producer of newsprint.

In addition to its Canadian flagship, the Toronto Globe and Mail, Thomson Newspapers owns more than 100 newspapers in North America. It also holds the Thomson UK North Sea oil and gas interests, the Hudson's Bay retail chain in Canada and other mineral and natural gas assets.

SCM loses Xerox suit

BY IAN HARGREAVES IN NEW YORK

SCM, the U.S. conglomerate, has lost a seven-year old anti-trust suit against Xerox, the copier group, which SCM had hoped would net it up to $1.5bn in damages. A Federal appeals court in New York upheld a earlier court ruling denying SCM's claim. SCM had previously won the case at lower level in the judicial system.

SCM, which at the time of the suit was a major participant in the office machinery business, charged that Xerox had improperly used patents and certain marketing devices to block its own progress in the copier market. It spent more than $20m in pursuing the case. During this period SCM has also almost abandoned the office equipment business, although it still is a large manufacturer of typewriters, chemicals and foods.

● Time, the films and publishing group, has started discussions with Columbia Pictures Industries concerning the possible sale of most of the assets of the TV film division of its subsidiary, Time-Life Films, to Columbia. On Thursday, Time announced the termination of its talks on a similar deal with Twentieth Century-Fox Film.

● Brookwood Health, the Birmingham, Alabama health services company, has turned down a $77m bid by Humana, one of the largest U.S. hospital companies, based in Kentucky. Brookwood's directors said the offer price was grossly inadequate.

Bekaert to cut dividend

BY OUR FINANCIAL STAFF

BEKAERT, the Belgian group which is the largest producer in Europe of wire rope, reports a dramatic fall in profits and plans to cut its dividend.

Net earnings for 1980 totalled BFr 189m ($5.5m) compared with BFr 452m in 1979. As a result, shareholders are having their dividend reduced to BFr 80 a share from BFr 130.

The results contrast strikingly with Bekaert's forecast last spring when profits "roughly comparable" to 1979 were said to be in train.

Bekaert, whose sales in 1979 totalled BFr 25.7bn, is one of the world's major producers of steel cord.

Wall Street accepts logic of Sohio bid

By Paul Betts in New York

THE SIZE of Standard Oil of Ohio's $1.77bn bid for Kennecott, the leading U.S. copper producer, surprised Wall Street yesterday although Mr. Alton Whitehouse, Sohio's chairman, defended his company's offer to pay $62 a share for Kennecott's 28.5m shares.

Analysts had expected Sohio to offer between $40 and $45 a share.

But despite the high premium Sohio, British Petroleum's U.S. subsidiary, is paying for Kennecott, the general consensus on Wall Street was that Sohio was buying a good long-term property in need of a substantial injection of fresh cash.

Mr. Whitehouse also said that the oil group was interested in Kennecott because of its substantial interests in a variety of minerals and metals ranging from copper, silver and molybdenum to zinc and lead.

While shareholders are expected to vote favourably on the merger next May, both St. Joe Minerals and AMAX, two other leading U.S. mining and minerals companies, yesterday launched court proceedings to attempt to block takeover bids.

St. Joe is resisting a $2bn takeover bid by the Canadian Seagram group, while AMAX has rejected a bid with a maximum value of $4.3bn by Standard Oil of California.

Wall Street has been agitated this week by a flurry of accusations of alleged insider trading on the shares and call options of the take-over candidates.

The latest twist in these charges came yesterday with the disclosure that 500 AMAX call options were bought by Mr. Thomas Reed's Quaker Hill Development. But a statement from Mr. Reed, the son of an AMAX director, said his company believed there should be no mystery surrounding its transactions in AMAX stock or options which were made openly and in its own name.

COMMODITIES/REVIEW OF THE WEEK

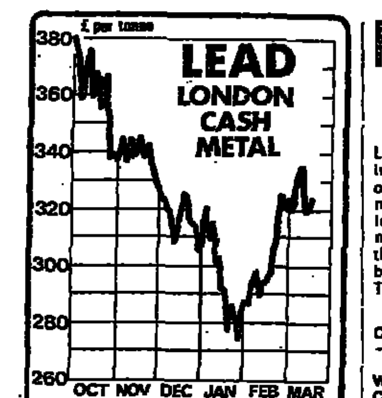
Copper leads rally in metal markets

BY OUR COMMODITIES STAFF

COPPER LED a general upward move in base metal prices on the London Metal Exchange yesterday to end the week on a higher note. Cash wirebars climbed by £18 to close at £818 a tonne, £16 up on a week ago.

Buying was stimulated by the rise in gold and the cut in U.S. interest rates. At the same time this week's spate of takeover bids for leading U.S. metal companies has also encouraged interest in the metals themselves from investors noting that the big oil companies obviously believe there is considerable potential. Main buying demand came from the U.S., where several producers announced *increases in their domestic copper selling prices.*

Tin values rallied as well yesterday. Cash tin gained £67.5 to £6,135 a tonne, £95 up on the week. The rise came after the Straits tin price in Malaysia falling to the lowest point since February 1979 and going just into the lower price range of the International Tin Agreement where the buffer stock is entitled to operate as a net buyer to prevent prices going below the "floor" level of 27.28 ringitts per kilo. In fact the Strait tin price quickly recovered to 30.03 ringitts putting it above the lower price range of 27.28 to 30.01.



Zinc followed the rise in copper and tin yesterday, but lead values were subdued by reports of new moves to settle the strike by workers at Broken Hill mines in Australia. Miners, who stopped work against the advice of their union representatives, are to meet tomorrow to consider concilation proposals. Earlier in the week two of the three mines hit by the strike that started on February 19 declared *force majeure* on contracted shipments. But market prices were hit by an inflow of scrap supplies, attracted at the higher levels. As a result cash lead, despite gaining £3.25 yesterday, was still £10.5 down on the week at £324.5 a tonne.

The sustained decline in world sugar values was halted in mid-week following a surprise result at the EEC Commission's weekly sugar tender. But they still sustained a substantial net fall, with the August position on the London futures market ending £11.10 down on balance at £233.125 a tonne in spite of rising £2.40 yesterday.

In the absence of significant buying interest prices had continued downwards early in the week and August sugar reached £219.50 a tonne immediately before Wednesday's tender. But when it was revealed that no export licences had been granted against over 80,000 tonnes worth a week earlier prices began to firm up.

Coffee prices also fell on the week despite the market's shrugging-off of a U.S. pancreas. United States coffee drinking with cancer of the pancreas. United State's coffee *industry sources said the report,* by the Harvard Institute of Public Health, was far from conclusive. But the market remained depressed and the May futures position on the London market ended £18 down at £1,021.5 a tonne despite rising £8 yesterday.

In contrast to other soft (non-metal) commodities the cocoa market was stronger. The May position on the London futures market ended £44 up on the week at £958.5 a tonne, helped by a £10 rise yesterday. Most of the rise happened in the second half of the week and was attributed to increasing tightness of physical supplies,

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1980/81 High	1980/81 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£750/70
Free Markets c.i.f.	$1460/1490	+15	$1,840/1,860	$2180/2200	$1400/1430
Antimony					
Free Market 99.6%	$2970/3050	—15	$3350/3375	$3,435	$2870/3050
Copper Cash Wire Bars	£818	+15	£1,013	£1,372	£755
3 months Do. Do.	£839.25	+15.50	£1,026.5	£1,376.5	£777.5
Cash Cathodes	£811	+10.5	£977.5	£1,316	£747
3 months Do.	£827.5	+15	£1,002.5	£1,343.5	£765.5
Gold per oz	$492.5	+24	$530	$835	$463.5
Lead Cash	£324.5	—10.5	£496.5	£579	£273.75
3 months	£330.75	—12.5	£468.5	£471.5	£285.25
Nickel	£3,358.66	—	£3,335	£3,477	£3,115
Free Market c.i.f. lb	275/290c	—	305/310c	315/345	265/295c
Platinum per oz	£213.50		£189	£213.50	£182.50
Free Market per oz	£216.30	+14.5	$334.45	£466.6	£185.60
Quicksilver (76lbs.)	$405/415	+5	$395/405	$418/423	365/365
Silver per oz	548.10p	+20	1044.25p	3,165.05p	467.80p
3 months per oz	564.10p	+19.4	1089.25p	2,185.05p	483.3p
Tin cash	£6,135	+95	£7,770	£8,350	£5,700
3 months	£6,227.5	+60.5	£7,805	£8,385	£5,872.5
Tungsten Ind.	$145.47	—	$138.75	$148.21	$137.75
Wolfram (22.04 lb).	$151/155	—	$145/150	$151/155	$129.50/154
Zinc cash	£342.25	+4.75	£335	£400	£262
3 months	£352.75	+5	£340.5	£415	£292.25
Producers	$825	—	$825	$825	$780
GRAINS					
Barley Home Futures	£99.55	—1.45	£94.45	£102.60	£89.95
Maize French	‡	—	£116	£125	£110.50
WHEAT					
No. 1 Red Spring	‡	—	‡	‡	‡
Am. Hard Winter	£104.75	—1.5	‡	£112.5	£91.0
Eng. Milling (new crop)	‡	—	‡	‡	‡
SPICES					
Cloves (g)	£4,300x	—	£4,175	£4,500	£3,750
Pepper, white	$1,985x	—40	$2,650	$2,825	$1,985
black	$1,450x	—125	$1,950	$2,000	$1,450
OILS					
Coconut (Philipines)	$580x	—	$770	$925	$560
Groundnut 5%	‡	—	‡	£457	‡
Linseed, Crude	£413w	—	£436	$480	£358
Palm Malayan	$595z	—2.50	$630	$725	$475
SEEDS					
Copra (Philipines)	$390	—5	$510	$610	$385
Soyabeans (U.S.)	$310w	—	$276.45	$381	$260
OTHER COMMODITIES					
Cocoa Shipment	£1,054	+54	£1,422	£1,546	£915
Cocoa Futures May	£958.5	+44	£1,139.5	£1,513.5	£860.5
Coffee Futures May	£1,021.5	—16	£1,647.5	£1,764.5	£959.5
Cotton Index	91.45c	—1.80	91.75c	103.8c	83c
Des Coconut	£650	—	£700	£740	£540
Jute LJ ABW C grade	£219x	—	£218	£232	£187
Rubber kilo	57.5p	—1.5	67p	90p	54p
Sago Pearl	£210x	+5	£209	£216	£197
Sisal No. 1	$780	—	$885	$885	$780
Sugar (Raw)	£241	+1	£195	£410	£164
Tapioca No. 1	£215x	+3	£207	£226	£202
Tea (quality) kilo	118p	—7	142p	150p	118p
(plain) kilo	65p	—	64p	73p	54p
Wooltops, 64s Warp	320p kilo	—2	306p kilo	325p kilo	276p kilo

Unquoted. (g) Madagascar. (y) April/May. (x) March/April. (w) April. (z) May. • Nominal.

MARKET REPORTS

BASE METALS

COPPER—Moved ahead on the London Metal Exhange with buying interest fuelled by the spate of take-over *bids* for the *major* U.S. copper mines, the sharp rise in gold and lower U.S interest rates. Forward metal opened at £828 and moved ahead throughout the day to touch £842 before closing the late kerb at £840. Turnover 20,575 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	812-.5	+14.2	817.5-8.5	+18
3 months	833-.5	+12.5	839-.5	+16
Settlem't	812.5	+14	—	......
Cathodes				
Cash	807-8	+15.7	810-2	+15.5
3 months	821-2	+12.7	827-8	+16
Settlem't	808	+14	—	......
U.S. Prod			*81.5-85	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £814, 11.5, 12.5, 12, three months £834, 35, 36, 35.5, 35, 34.5, *34, 33, 33.5, 33. Cathodes, cash £808,* three months £821. Kerb: Wirebars, three months £833, 34, 34.5, 35. Afternoon: Wirebars, three months £840, 40.5, 41, 41.5, 41, 40.5, 40, 40.5, 40, 39. Kerb: Wirebars, three months £841, 42, 41, 40.5, 40, 40.5, 40.

TIN—*Firmer* on *bear covering,* chartist interest, physical demand and the rise on the *Penang* market Forward metal moved up gradually from £6,200 to touch £6,250 before closing the late kerb at £6,225. Turnover 1,405 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6110-20	+27.5	6130-40	+67.5
3 months	6210-20	+52.5	6225-30	+60
Settlem't	6120	+30	—	.....
Standard				
Cash	6110-20	+27.5	6130-40	+67.5
3 months	6210-20	+50	6225-30	+60
Settlem't	6120	+30	—	......
Straits E.	$30.03	+0.13	—	......
New York	—	......	—	......

Morning: *Standard,* cash £6,110, three months £6,220, 30. Kerb: Standard, three months £6,215. Afternoon: Standard, three months £6,220, 30, 35, 40, 50, 40, 35, 30. Kerb: Standard, three months £6,230, 20, 30, 25.

LEAD—Firmer in sympathy with gold, *copper and other metals. Forward* metal opened at £330 and edged up to £334 before easing back to close the late kerb at £331.5 on profit-taking Turnover 9,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	325-4	+2	324-5	+5.25
3 months	331-2	+2	330.5-1	+2
S'ment	324	+2	—	......
U.S. Spot	—	......	*34	......

Morning: Cash £324, three months £334, 33.5, 33, 32.5, 32, 31, 30, 31. Kerb: Three months £332, 31, 30.5, 30, 30.5. Afternoon: Three months £331.5, 32, 31.5. Kerb: Three months £331, 32, 31.5.

ZINC—Higher as U.S. inspired buying lifted forward metal from £346 to a day's high of £354 prior to a close on the late kerb of £351.5. Turnover 10,905 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	341.5	+7.25	341.5-.5	+8
3 months	351.2	+7	352.5-.3	+7.5
S'ment	341.5	+7	—	......
Primw'ts	—	......	*41.5	..

Morning: Cash £341, 41.5, 41, three months £349, 50, 51, 50.5, 51.5, 52, 53, 51, 52, 51.5, 51, 51.5. Kerb: Three months £351.5, 51. Afternoon: Three months £352, 53, 54, 53, 52.5, 52, 51, 52, 53. *Kerb: Three months* £353, 54, 53, 52.

ALUMINIUM—Edged higher along *with* other metals. Forward metal opened at £663 and touched £671 before closing the late kerb at £669. Turnover 7,775 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	655-6	+6	655-6	+7.5
3 months	667-8	+7	667-8	+8.25

Morning: Three months £671, 70, 69.5, 70, 69, 68 Kerb: Three months £667, 67.5, 67. Afternoon: Three months £668, 67.5, 67. Kerb: Three months £668, 69.

NICKEL—Little changed in quiet trading with forward metal closing the late kerb at £2,815. Turnover 300 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2830-5	+7.5	2840-50	+50
3 months	2815-25	+7.5	2830-5	+31.5

* Cents per pound. ‡ M$ per kilo. † *On previous unofficial close.*

Morning: Cash £2,830, three months £2,820 Afternoon: Three months £2,820, 35, 40, 30.

SILVER

Silver was *fixed* 19.4p an ounce higher for spot delivery in the London bullion market yesterday at 548.1p. U.S. equivalents of the fixing levels were, spot $12.143, up 40.3c; three-month $12.591, up 41c; six-month $13.078, up 39.8c; and 12-month $13.956, up 41c. The metal opened at 539-548p ($12-12.2) and closed at 547-556p ($12.15-$12.35).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	548.10p	+19.4	552.0p	+21
3 months	564.10p	+19.5	567.75p	+21½
6 months	583.20p	+19.8	—	.....
12months	614.00p	+19.1	—	......

LME—Turnover 109 (241) lots of 10,000 ounces. Morning: Three months 562, 63, 65, 66, 65.5, 66, 67, 68, 68.5, 69, 70, 69. Kerbs: Three months 569, 68, 69. Afternoon: Three months 569, 67, 68. Kerbs: Three months 569, 68.

COCOA

Cocoa futures moved ahead in active trading conditions and ended the day £10 above Thursday closing levels. Despite repeated rumours of heavy *dealing* only light selling was seen from producers while consumers remain generally withdrawn, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	875-90	+18.0	865
May	958-59	+10.0	963-48
July	975-76	+9.0	980-67
Sept.	997-98	+15.0	999-86
Dec	1018-19	+13.0	1020-08
March	*1037-38*	*+10.5*	*1040-28*
May	1056-57	+10.5	1058-49

Sales: 8,835 (10,003) lots of 10 tonnes.

ICCO Futures—Daily price for March 12: 96.30 (94.02): five-day average 94.68 (94.08).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). *Australian cents per kilo.* March 486.0, 488.00, 489.00-485.00, 29: May 474.0, 475.0, 477.0-475.0, 111: July 482.0, 484.5, 487.0-484.5, 175: Oct 478.0, 479.5, 482.0-478.0, 65: Dec. 483.0, 483.5, 486.0-483.0, 51: March 490.5, 491.5, 491.0-490.0, 50: May 497.0, 498.0, 498.0-498.0, 7: July 502.0, 505.0, 505.0-504.0, 7. Sales 495.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 338, 355, nil, nil; May 349, 355, 352, 4; Aug. 362, 365, nil, nil; Oct. 369, 373, 370, 4; Dec. 374, 377, nil, nil; Jan. 378, 378, 378, 4, Mar 378, 380, 381, 4; May 378, 382, nil, nil; Aug. 380, 385, nil, nil. Sales 16.

COFFEE

Robusta futures opened quietly, reports Drexel Burnham and prices steadied towards the lunch closing. Afternoon dealings consisted of large switch operations and persistent trade buying in the middle months. Small scale book squaring and light-weight Commission House buying raised values slightly by the close.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
March	1005-08	+11.5	1009-998
May	1021-22	+8.0	1025-17
July	1033-34	+7.0	1035-30
Sept.	1048-50	+6.0	1050-44
Nov	1053-55	+11.5	1055-50
Jan	1046-55	+6.5	1052-50
March	1042-50	+3.5	—

Sales: 2,152 (1,289) lots of 5 tonnes.

ICO Indicator prices for March 12 (U.S. cents per pound): Other Mild Arabicas 122.67 (122.33); Robustas ICA 1976 112.25 (113.25); ICA 1968 112.50 (113.50). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

*Business done—Wheat: March 110.80-*110.45, May 112.95-112.50, July 116.50-116.20, Sept. 99.10-99.10. March 102.75-102.75, Jan. 106.65-106.60. Sales: 112 lots of 100 tonnes. Barley: March 97.10-97.00, May 99.60-99.20, July no trade, Sept. 94.20-94.00, Nov 97.75-97.60, Jan. *101.40-101.40. Sales: 106 lots of 100* tonnes.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Mar	110.80	+0.15	97.15	—0.20
May	112.90	+0.05	99.55	+0.25
July	116.55	+0.15	—	
Sep	99.10	......	94.20	+0.25
Nov	102.80	+0.05	97.90	+0.25
Jan	106.70	......	101.70	+0.25

LONDON GRAINS—Wheat: U.S. *Hard* Winter 13½ per cent, Mar. 104.75, April 105.50, May 104.75 transhipment East Coast. English Feed April 115.75, paid East Coast. Maize: S. African Yellow Mar./April 87. Barley: English Feed fob April 103, May 103.75, May/June 103.50 East Coast. *Rest unquoted.*

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 109.90, E. Midlands 110.30. Feed barley: Eastern 98.00, E. Midlands 97.80, N. East 97.10, Scotland 98.20. The UK Monetary Coefficient for the week beginning Monday March 16 will remain unchanged.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing dull Lewis and Peat reported an fob April price for No. RSS in Kuala Lumpur of 292.0 (295.0) cents a kg and SMR 20 at 260.0 (262.0) cents.

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	58.80-59.20	58.50-60.50	59.20
May	59.70-60.00	60.20-60.50	—
Apr-Jne	59.80-60.00	60.40-60.50	60.30-60.00
Jly-Sept	63.10-63.30	63.70-63.90	63.90-62.90
Oct-Dec	66.20-66.30	66.60-66.80	66.90-66.00
Jan-Mar	68.90-69.20	69.40-69.70	—
Apl-Jne.	71.90-72.00	72.20-72.50	—
Jly-Sept	74.40-74.70	74.80-75.20	—
Oct-Dec	*77.20-77.30*	*77.40-77.60*	*77.40-77.20*

etaoin shrdlu cmfwyp vbgkqj ......

Sales: 351 (336) at 15 tonnes, 1 (4) at 5 tonnes. Physical closing prices (buyer) were: Spot 57.50p (58.00p). April 61.25p (61.75p). May 62.00p *(62.50p).*

SOYABEAN MEAL

The London market opened with gains of 50p-£1 on short covering *influenced* by continuing steadier nearby cash markets, reports T. G. Roddick. Prices remained steady throughout the day closing with rises of around £1.50.

Sales: 101 (96) lots of 100 tonnes.

	Yest'rd'ys Close £ per tonne	+ or —	Business Done
April	123.80-24.8	+1.50	124.70-22.90
June	125.20-26.5	+1.40	125.50-24.50
August	127.30-27.5	+1.65	127.50-26.00
October	128.80-29.5	+0.50	129.00
December	130.80-31.0	+0.75	—
February	151.00-33.0	+1.0	—
April	151.00-38.5	+1.25	—

SUGAR

LONDON DAILY PRICE—Raw sugar £241.00 *(£224.00)* a tonne for. cif March-April shipments. White sugar daily price was £276.00 (£268.00).

Reports that Mexico had purchased 150,000 tons of U.S. refined lifted prices some £7 above overnight levels as keen buying developed at the opening. However there was no follow-through on the upside and prices drifted. The market closed around *the low points some £5 below the* highs, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	238.50-38.75	233.50-33.90	242.00-32.50
Aug.	233.00-33.25	230.75-30.80	238.00-29.50
Oct.	230.50-30.75	228.25-28.50	234.75-27.00
Jan.	217.00-18.00	216.00-16.80	221.50-20.05
March	217.50-18.00	216.5-216.75	225.00-16.80
May	217.50-19.50	216.25-16.55	222.00-16.00
Aug	216.55-18.00	215.50-16.50	—

Sales: 7,725 (10,793) lots of 50 tonnes.

AMERICAN MARKETS

NEW YORK, March 13.

PRECIOUS METALS rallied impressively on expectations of further declines in the interest rate, but closed lower. Copper was strong and rallied sharply on "Force Majeure" declarations by Peru and *production* cut-backs by a U.S. refiner. Sugar finished lower after the market failed to respond to news of Mexican purchases of white. Coffee saw moderate gains Commission house and technical buying rallied cocoa for good gains. Cotton has been mixed with light trade support on breaks. Grains and soyabeans finished unchanged to higher on demand generated by further projections of inadequate moisture supplies, reported Heinold.

Copper—March 83.00 (81.60), April 83.70 (82.30), May 84.70-84.90, July 86.80-87.10, Sept. 89.30-89.50, Dec. 92.30, Jan. 93.35, March 95.30, May 97.10, July 98.90, Sept. 100.70, Dec. 103.40, Jan. 104.30. Sales 8,600.

Potatoes (round whites)—April 140.6-141.6 (143.2). Nov. 87.5-88.0 (88.2). Sales 975.

Sugar—May 21.00-21.05 (21.53), July 20.91-20.99 (21.43). Sept. 20.75-20.80, Oct. 20.55-20.65, Jan. 19.20-19.60, March 19.40-19.50, May 19.65-19.70, July 19.80.

Tin—621.0-637.0 (617.0-627.0).

CHICAGO, March 13.

Lard—Chicago loose 19.50 (same).

Live Cattle—April 62.60-62.70 (63.52), June 66.50-66.42 (67.32), Aug. 67.55-67.40, Oct. 65.70-65.60, Dec. 66.75-66.80, Feb. 67.50, April 68.50.

Live Hogs—April 40.05-39.97 (41.35). June 44.80-45.00 (45.80). July 45.85-46.10, Aug 45.20-45.12, Oct. 44.80-44.65, Dec. 48.55-48.65, Feb. 51.60, April 50.00, June 55.50.

‡‡Maize—March 347¼-347 (347¼), May 357¼-357 (357). July 366¼-366, Sept 367, Dec. 369¾-369½, March 381.

Pork Bellies—March 42.45 (44.45), May 43.90-43.90 (45.90). July 45.62-45.62, Aug. 44.85-44.85, Feb. 56.80, March 56.00. May —.

Silver—March 1219.0 (1190.0). April 127.0 (1198.0), May 1240.0, June 1254.0, Aug. 1284.5, Oct. 1315.0, Dec. 1345.5, Feb. 1376.0, April 1406.5, June 1437.0, Aug. 1467.5, Oct. 1498.0, April —, June —, Aug. —, Oct. —.

†Soyabeans—March 733 (731¼), May 752-751 (751), July 775-773½, Aug. 781, Sept. 789-788, Nov. 804½-805½, Jan. 822-823, March 843½.

‖Soyabean Meal—March 206.8 (205.5), May 213.1-213.5 (212.3), July 220.4-220.5, Aug. 224.0, Sept. 226.0-226.5, Oct. 228.5, Dec. 231.2-231.5, Jan. 234.0, March 237.5-238.5, May —.

Soyabean Oil—March 23.73 (23.70), May 24.28-24.33 (24.27), July 25.05-25.00, Aug. 25.30, Sept. 25.50, Oct. 25.75-25.80, Dec. 26.40, Jan. 26.50-26.60, *March 27.20-27.30, May 27.70-27.80.*

†Wheat—March 432 (431), May 436¾-437 (436½), July 436-436½, Sept. 451, Dec. 471-472, March 489

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ *Cents per 56-lb bushel.* † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

††Cocoa—March 2000 (1940), May 2045 (1981), July 2088, Sept. 2130, Dec. 2175, March 2225, May 2275, July — Sales: 2,466.

Coffee—"C" Contract: March 118.25 (116.50), May 119.70-119.75 (118.04), July 121.45-121.70, *Sept. 123.00-1234.5,* Dec 122.60, March 121.75-122.00, May 122.50-122.80, July 120.00-122.50, Sales: 1,639.

Cotton—No. 2: May 87.0-87.30 (87.12), July 87.40-87.50 (87.28), Oct. 85.30, Dec. 82.80-82.90, March 83.60, May 84.10-84.25, July 84.50-84.75. Sales: 7,500.

*Gold—March 482.6 (475.2), April 484.5-485.5 (478.0), May 490.4, June 495.0-496.5, Aug. 507.8, Oct. 519.2, Dec. 530.0, Feb 539.0, April 554.6, June 565.0, Aug. 578.5, Oct. 590.5, Dec. 602.6. Sales: 23,000.

Heating oil (cents per U.S. gallon)—April 0.9610 (0.9675), May 0.9605 (0.9630), June 0.9675, July 0.9735, Aug 0.9830, Sept. 1.0039, Oct. 1.0260, Nov. 1.0455, Dec. 1.0700, Jan. 1.0920, Feb. 1.1145, March 1.1300. Sales: 2,109

Orange Juice—March 132.00 (132.00). May 137.00-137.40 (137.85). July 141.00-141.50, Sept. 143.70-143.75, Nov. 143.20-143.50, Jan. 140.50, March 141.50-142.00, May 142.40-142.50, July 143.30-143.60. Sales: 2,500.

*Platinum—March 466.1 (461.5), *April 467.5-469.0 (463.9), May —, July* 483.0, Oct 497.0-499.0, Jan. 517.0, April 531.5. Sales: 2,508.

¶Silver—March 1192.0 (1168.5), April 1202.0 (1179.0), May 1215.0-1218.0, July 1245.0-1250.0, Sept. 1279.0, Dec. 1326.0, Jan. 1341.5, March 1373.0, May *1404.5, July 1436.0, Sept. 1467.5, Dec.* 1514.5 Sales: 4,000. Handy and Harman bullion spot 1175.0 ((1168.0).

CHICAGO, March 12.

Chicago Imm Gold—March 480.0-484.0 *(474.5)*, April 485.0 (476.0), June 495.5-496.5, July 501.8, Sept. 513.0-*514.0, Oct. 517.0, Dec. 530.0, Jan.* 534.0, March 548.0, April 546.0.

WINNIPEG, March 12. §Barley—March 150.00 (149.00), May (151.00), July 152.00, Oct. 151.50, Dec. 150.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 264.40 *(263.20).*

INDICES

FINANCIAL TIMES

Mar. 12	Mar. 11	Month ago	Year ago
257.16	255.82	251.86	296.47

(Base: July 1, 1952=100).

MOODY'S

Mar. 12	Mar. 11	Month ago	Year ago
1119.2	1118.7	1149.2	1261.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 12	Mar. 11	Month ago	Year ago
Spot	414.94	413.03	420.82	407.05
Fut'rs	427.70	423.00	437.95	429.68

(Average 1924-25-26=100)

REUTERS

Mar. 13	Mar. 12	M'nth ago	Year ago
1719.5	1706.1	1695.0	1719.7

(Base: September 18, 1931=100)

Claims on fuel oil prices questioned

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE GOVERNMENT yesterday claimed that UK petrol and heavy fuel oil prices were among the lowest in Europe—only to have some of its official figures questioned by the British Gas Corporation and by the Chemical Industries Association.

The Energy Department issued figures showing that the average pump petrol price of 151.5p a gallon was lower than in most other European countries—despite the 20p a gallon increase in tax announced in the Budget on Tuesday.

The statistics showed that the retail price of heavy fuel oil was £102.9 a tonne—lower than in all the main Western European countries except Italy and France.

The Department said its prices were "the latest available." The fuel oil prices applied on Monday, March 9.

Unexpected

The Chemical Industries Association said if the Department's figures were right, then British Gas's much vaunted concessions on interruptible gas supply contracts—also announced in the Budget—were "imaginary."

The association received unexpected support from British Gas which voiced doubts about the Government's retail heavy fuel oil prices.

"We suspect that these may be average figures for the three months between December 1980 and February this year or else they include some element of the fuel oil prices for this period," it said.

"We would say that the UK heavy fuel oil price today is probably around £107.7 a tonne. This is the equivalent of 26p to 27p a therm for gas. The Department's price of £102.9 a tonne for heavy fuel oil works out at 25.3p a therm in terms of the equivalent gas price."

The prices British Gas charges customers on interruptible supply contracts are directly related to the retail price of heavy fuel oil—including the £8 a tonne duty on fuel oil, which is among the highest in Europe.

Interruptible supplies are those where customers pay slightly less in return for the risk of having their gas cut off.

The measures outlined by the Chancellor will mean that renewal prices for interruptible supply contracts will be pegged at about 25p a therm until December 1 this year.

The rough and ready figure of 25p a therm is equal to the 24p a therm renewal price charged by British Gas as long ago as September last year, plus a 1p a therm price rise written into most contracts to come into operation three months after renewal.

British Gas said this week that heavy fuel prices had risen by about 3p a therm this January, but it had not raised charges for renewed interruptible gas contracts in line with this increase.

Many of its interruptible supply customers would be paying some 2p a therm less for gas than for the alternative heavy fuel oil, it said. If oil prices rose further between now and December, manufacturers on these contracts would get an even better deal.

If the Department's claims about heavy fuel oil prices are correct, British Gas has not made any concessions at at all to interruptible supply customers.

Pegged

They are still paying what British Gas calls the "market price" — which means the equivalent heavy fuel oil retail price.

British Gas, which has pegged the contract renewal prices for both its firm supply and interruptible supply contracts, is having its external financing limit adjusted by £73m so it can make concessions to its 5,000 industrial customers.

The Department's figures showed that the average UK petrol price of 151.5p was lower than in Belgium, where it was 159p a gallon, Denmark-158p, France 154p, and Italy 175p. Only the Netherlands at 143p, Ireland at 140p and West Germany at 131p were cheaper.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	14 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	14 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½ %
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	12 %
Choulartons	14 %
C. E. Coates	12 %
Consolidated Credits	14 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	14 %
First Nat. Fin. Corp.	16½ %
First Nat. Secs. Ltd.	16 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	14 %
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	15 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½ %
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposit 9%, 1-month 9¼%. Short term £4,000/12 months 13.35% (no change).
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$45	31	7¼	—	—	—	—	$52⅝
GM C	$50	18	2⅛	30	4⅛	—	—	"
GM C	$60	—	—	5	7/16	—	—	"
		April		July		Oct.		
ABN C	F.300	—	—	21	4.80	—	—	F.286
ABN C	F.320	2	1	—	—	—	—	"
AKZO C	F.17.50	104	1.40	15	2.40	8	3.80	F.18.60
AKZO C	F.20	136	0.50	110	1.20	25	1.90	"
AKZO C	F.22.50	—	—	48	0.50	—	—	"
AKZO C	F.17.50	19	0.30	—	—	3	0.70	"
AMRO C	F.60	1	0.50	—	—	—	—	F.55.20
KODA C	$80	1	4⅛	2	8	—	—	$81¼
HEIN C	F.55	39	3.10	3	4	3	4.60	F.57.20
HEIN C	F.60	38	0.80	—	—	4	3.20	"
HEIN P	F.50	—	—	10	1	—	—	"
HOOG C	F.12.50	5	5.40	—	—	—	—	F.17.90
HOOG C	F.17.50	19	0.90	5	2	—	—	"
HOOG C	F.20	—	—	—	—	20	1.10	"
IBM C	$65	9	1⅞	—	—	—	—	$63¾
IBM C	$70	16	⅝	—	—	—	—	"
IBM P	$65	4	2⅛	—	—	—	—	"
KLM C	F.55	27	34 A	—	—	—	—	F.88.50
KLM C	F.60	11	29.50 A	—	—	5	30.50	"
KLM C	F.65	11	24	10	24	—	—	"
KLM C	F.70	127	19 A	57	19	19	21	"
KLM C	F.80	218	10.20	353	11 A	21	15	"
KLM P	F.65	—	—	11	0.80	—	—	"
KLM P	F.70	66	0.40	36	1.80 B	—	—	"
KLM P	F.80	158	2	67	4 A	14	5.50 B	"
NATN C	F.120	2	6	—	—	—	—	F.125.50
NATN P	F.125	1	1	1	2.80 B	—	—	"
PETR C	Fr.5000	—	—	11	140	—	—	Fr.4655
PHIL C	F.17.50	125	1	1	2.10	—	—	F.18.20
PHIL C	F.20	—	—	—	—	40	1.10 A	"
PHIL P	F.17.50	—	—	30	0.70	—	—	"
POLA C	$25	14	3⅝	—	—	—	—	$28 7/16
POLA C	$30	—	—	—	—	14	3¼	"
RD C	F.90	41	11 B	—	—	—	—	F.100
RD C	F.95	161	6.30	—	—	—	—	"
RD C	F.100	265	3.40	15	6 B	6	8	"
RD C	F.110	184	0.70 B	84	2	4	4.20	"
RD C	F.120	77	0.10	373	1	—	—	"
RD P	F.90	21	0.30	—	—	—	—	"
RD P	F.95	416	1	74	3.90	—	—	"
RD P	F.100	242	3.30	47	7.50 B	—	—	"
RD P	F.110	14	10.50 B	12	12.30	—	—	"
UNIL C	F.125	1	8	—	—	—	—	F.131.60
UNIL C	F.130	4	3.50	2	5.80	—	—	"
UNIL C	F.135	10	1.50 A	—	—	—	—	"
UNIL P	F.130	—	—	4	6	—	—	"
		May		Aug.		Nov.		
BOEI C	$45	—	—	1	1⅛	—	—	$35⅞
SLUM C	$120	6	1⅛	—	—	—	—	$108 1/16
VW C	DM.150	—	—	7	10.50	—	—	DM.157

TOTAL VOLUME IN CONTRACTS 4279

A=Asked B=Bid C=Call P=Put

Stock Exchange business done

The list below, restricted mainly to equities to conserve space, has been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. It shows prices at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange's Talisman checking system.

The prices are not in order of execution, but in ascending order which denotes the day's highest and lowest dealing price.

For those shares in which no business was recorded in Thursday's Official List, the latest recorded business done during the previous four business days is given with relevant dates appended. The number of bargains done on Thursday in each section is shown against the respective sub-headings. Unless otherwise indicated the shares are 25p fully-paid.

‡ Bargains at special prices. Δ Bargains done with a non-member or executed in overseas market. ● Bargains done previous day. $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BANKS, DISCOUNT (658)

BREWERIES (432)

COMMERCIAL (9,644)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS (228)

INSURANCE (412)

INVESTMENT TRUSTS (605)

New Ord. (Fe/RC-1 4/81) 45½ 6 ¼ ½ 7
Brooke Tool Eng. (Hldgs.) 43
Brotherhood (P.) (50p) 157
Brown Jackson (20p) 87½ 90 ½ 1 3 4
Brown Tawse 105½ (10/3)
Brown Boveri Kent (Hldgs.) 17½ 8 ½ 9
Brown Bros. (10p) 22½
Brown (J.) 70 ½ 1 2 3‡ ¼ ½ 4‡ 4 5
Brown (N.) Invests. (20p) 44 (10/3)
Brownlee 63 (11/3)
Brunning Go. 66 (9/3). Rest.-vtg. 55½ (10/3)
Bruntons (Musselburgh) 80 1 (9/3)
Bryant Hldgs. 62 4 ½ 8 ½‡
Bullough (20p) 147 8 (11/3)
Bulmer Lumb (Hldgs.) (20p) 37
Bunzl Pulp Paper 119 20 1 2‡
Burco Dean 29 30
Burgess Prods. (Hldgs.) 52. A Non-vtg. 44 (11/3)
Burndene Invests. (15p) 7½

First Castle Electronics (10p) 95 7 8 9‡ 9 100 1 2
Firth (G. M.) (Metals) (10p) 54 (10/3)
Fisher (A.) Group (5p) 12½ 3½
Fitch Lovell (20p) 67 ¼‡ ¼ 8½ 70
Fisons (£1) 121½ 2 ¼ 3 4 5 ¼ ¾ 6 7 ¼ 8 9‡ 9 30 2
Fitzwilton (Ir£0.25) Ir£0.6 48p
Flexello Castors Wheels 29
Flight Refuelling (Hldgs.) 306 8 9½‡ 10
Fobel Intnl. (10p) 23
Fogarty (E.) (30p) 75¼ 6. Dfd. (40p) 77 9
Folkes (John) Helo (5p) 20¼. Non-Vtg. (5p) 19½ 20
Footwear Inds. 53
Ford (Martin) (10p) 22 (9/3)
Ford Motor 48 (11/3)
Formminster (10p) 119 20 2
Forward Technology Ind. SDR 125 6 ¾ 7 8‡
Foseco Minsep 172 4 5 6
Foster Bros. Clothing 78 80

Ward & Goldstone 83 4
Ward Hldgs. Ord. (10p) 51 2 3 4. Dfd. Ord. (10p) 36 7
Ward (Thos. W.) 115 ½ 6 ½ 7 ½ 8 ½ 9‡ 9
Ward White Group 57 ¼ 8 ½ 9
Waring & Gillow (Hldgs.) 121
Warner Holidays Ord. (10p) 64. A Ord. (10p) 53½ 4 ½ 9
Warrington (Thomas) & Sons 67
Wassall (J. W.) Ord (5p) 32½
Waterford Glass Ord. (Ir0.05) 21
Watmoughs (Hldgs.) 168¼

Dominion General 247
Drayton Commercial 160 (11/3)
Drayton Consd. 170 1 2
Drayton Far Eastern 74 ½
Drayton Premier 216 7 9 20
Dualvest Inc.Shs. (50p) 74½. Cap.Shs. 420 2
Dundee London 85 (9/3)
Edinburgh American Assets Tst. 86½ 7¼ ½
Edinburgh Inv. Tst. 65½ 6 ¼ ½ ¾ 8
Elec. Gen. Inv. 114 ½ (10/3)
English Internatl. Tst. 114
English New York Tst. 85

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price	Thurs. closing price pence	Day's change
Shell Tr.	37	418	+26
LASMO	36	625	+40
BP	32	408	+22
Tricentrol	30	298	+16
BTR	27	436	+33
GEC	27	643	+18
ICI	26	238	+ 4
Boustead	20	173	+22
Mrks. Spencer	18	113	+ 3
Burmah Oil	18	178	+ 9
Plessey	18	316	+ 8
Thorn EMI	18	304	+ 8
Tube Invs.	18	186	+ 7
Utd. Biscuits	18	93	+12

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week
Shell Tr.	130	418	− 2
ICI	124	238	−12
LASMO	116	625	−20
GEC	111	643	—
BP	107	408	− 6
Ultramar	99	505	+ 5
Plessey	95	316	+ 1
Tube Invs.	94	186	− 3
Barclays Bk.	92	392	−13
Imperial Grp.	89	68	− 6
RTZ	87	443	+23
Cons. Gold	85	435	+15
Mrks. Spencer	83	113	−10
Midland Bk.	80	320	−16

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration

Aran Energy 360 5 8 70 5
Berkeley Exploration and Production (50p Paid) 260 2 7 8 70 2 3
Candecca Resources 217 18 19 20 1
Floyd Oil Participations 130 2
Marinex Petroleum 160 4 5 7 8 70 2
Sun Oil (UK) Oil Royalty 380 5 90

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority *(telephone number in parentheses)*	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (951-548 6555)	$13\frac{1}{4}$	½-year	1,000	5-7
Redbridge (01-478 3020)	$13\frac{1}{4}$	½-year	200	6

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Aid to Thrift	9.65	10.15	—	—
Alliance	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs., 9.75 2 yrs., 9.50 1 yr.
Anglia	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Bradford and Bingley	9.00	9.25	10.50	10.00 one month's notice deposit
Bridgwater	9.00	9.25	10.75	11.25 5 yrs., 10.35 3 yrs.
Bristol Economic	9.00	9.25	10.50	10.00 3 months. Escalator shares 9.75-11.25 (1-5 years)
Britannia	9.00	9.25	10.50	10.75 4 yrs., 10.25 3 months' notice
Burnley	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cardiff	9.00	10.25	11.25	—
Catholic	9.00	9.50	10.50	— Share a/cs 9.70 over £5,000
Chelsea	9.00	9.25	10.50	11.25 5 yrs., 10.65 1 yr., 10.30 6 mths.
Cheltenham and Gloucester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Cheltenham and Gloucester	—	10.25	—	— Premium shares including 1.00 bonus p.a. (£15,000 or £20,000)
Citizens Regency	9.00	9.55	10.75	11.55 5 yrs., 10.55 3 yrs., 10.05 1 yr.
City of London (The)	9.25	9.50	10.50	10.25 2 months
Coventry Economic	9.00	9.25	10.50	10.75 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Coventry Provident	9.00	9.25	11.25	11.30 av. 5 yrs., 10.75 4 yrs., 10 3 mths.
Derbyshire	9.00	9.25	10.50	9.50 to 10.00 3 months
Ealing and Acton	9.00	9.75	—	10.40 2 yrs., £2,000 minimum
Gateway	9.00	9.25	10.50	9.50 6 mths. rising to 11.25 5 yrs.
Greenwich	—	9.50	10.75	11.50 5 yrs., 11.00 4 yrs., 10.50 3 yrs.
Guardian	9.00	9.50	—	11.00 6 mth., 10.50 3 mth., min. £1,000
Halifax	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Heart of England	9.00	9.25	10.50	— 3 mths. notice 10.00, 5 yrs. 11.25
Hearts of Oak and Enfield	9.00	9.50	11.00	10.75 4 yrs., 10.50 3 yrs., 10.25 2 yrs.
Hendon	9.50	10.00	—	11.00 6 mths. minimum £2,000
Huddersfield and Bradford	9.00	9.25	10.00	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs., 9.75 2 yrs.
Lambeth	9.00	9.50	11.25	11.25 5 yrs., 11.00 6 months' notice
Leamington Spa	9.10	9.35	12.45	10.85 1 year
Leeds Permanent	9.00	9.25	10.50	11.25 5 yrs., Optns. fm. 9.50 (6 mths.)
Leicester	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Liverpool	9.00	9.25	10.70	11.25 5 yrs. minimum £1,000
London Grosvenor	8.75	9.75	11.00	10.25 6 months' notice
Melton Mowbray	9.10	9.35	10.50	11.85 6 yrs., 10.85 4 yrs., 10.10 2 yrs.
Mornington	9.75	10.25	—	—
National Counties	9.25	9.55	10.55	— 35 days' notice 10.25 min. dep. £500, 6 mths. 10.65
Nationwide	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 9.75 1 yr.
New Cross	9.75	10.00	10.00	11.25 on share accs., depending on min. balance over 6 mths.
Northern Rock	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Norwich	9.00	9.25	10.75	10.25 3 yrs., 10.00 2 yrs., min. £500
Paddington	8.75	9.75	11.25	10.50 6 mths., 10.25 3 mths.
Peckham Mutual	9.25	9.55	—	—
Portman	9.00	9.25	10.50	11.25 5 yrs., 10.30 6 mths.
Portsmouth	9.35	9.55	11.05	11.60 5 yrs., 11.00 6 mths.
Property Owners	9.25	9.75	11.20	11.25 4 yrs., 11 6 mths., 10.50 3 mths.
Provincial	9.00	9.25	10.50	10.25 5, 4, 3 yrs., 9.75 2 yrs.
Skipton	9.00	9.25	10.50	11.25 5 yrs., 10.35 wdl. 1 mth. loss int.
Sussex County	9.25	9.50	11.30	11.30 5 yrs., 10.90 4 yrs., 10.50 3 yrs.
Sussex Mutual	9.25	9.80	11.25	10.00-11.25 all with special options
Town and Country	9.00	9.25	10.50	11.25 5 yrs., 10.75 4 yrs., 10.25 3 yrs.
Walthamstow	9.00	9.50	10.50	10.50 6 months' notice, min. £1,000
Wessex	9.25	10.00	—	11.00 min. 3 yrs., 6 mth. notice of wdl.
Woolwich	9.00	9.25	10.50	9.50 (6 mths.) rising to 11.25

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

The Treasury bill rate rose by 0.3159 per cent at yesterday's tender to 11.6351 per cent, and the minimum accepted bid fell to £97.085 from £97.150. Bids at that level were met as to about 21 per cent and above in full. The £100m of bills on offer attracted bids of £294.65m, and all bills offered were allotted. Next week a further £100m of bills will be on offer, replacing maturities of £200m.

Day-to-day credit was again in short supply in the money market, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and local authority bills as well as a moderate amount of eligible bank bills. The market was faced with the second call on Treasury 12 per cent 1986, and a small number of commercial bills maturing in official hands. There was also a small net take up of Treasury bills to finance and a small increase in the note circulation. On the other hand banks brought forward balances a large amount above target, and Government disbursements exceded revenue transfers to the Exchequer by a moderate amount. In the interbank market, weekend money opened at $12\frac{3}{4}$-13 per cent and eased to $11\frac{1}{4}$-$11\frac{3}{4}$ per cent before coming back to $12\frac{3}{4}$-13 per cent at the close.

EXCHANGES AND BULLION

Trading was quiet ahead of the weekend in yesterday's foreign exchange market, with sterling showing little overall change, while the dollar was marginally weaker. Eurodollar rates were quoted slightly down from Thursday, with dealers reporting very little movement in a featureless market. While U.S. rates fell, a recent injection of liquidity into the U.S. money market by the Federal authorities left Eurodollar rates with a bearish feel. There was also some uneasiness over the situation in Poland. Against the D-mark the dollar closed at DM 2.1090 compared with DM 2.1130 on Thursday, having traded within a very narrow range of DM 2.1075-2.1130. Similarly against the Swiss franc it fell to SwFr 1.9275 from SwFr 1.9375. It was firmer against the yen at Y207.75 against Y207.50 ahead of an anticipated cut in Japan's discount rate in the near future. On Bank of England figures, the dollar's index fell to 99.8 from 100.0

Sterling's trade weighted index finished at 99.1, unchanged from Thursday, having stood at 99.0 at noon and 99.3 in the morning. Against the dollar it opened at \$2.2230 and touched a low of \$2.2140 during the afternoon before closing at \$2.2180-2.2190, a fall of 10 points. Against the D-mark it finished at DM 4.68 compared with DM 4.6925.

Gold rose by \$16 an ounce in the bullion market to close at \$491-494 on short covering ahead of the weekend. Yesterday's close gave a rise on the week of \$24 an ounce.

THE POUND SPOT AND FORWARD

March 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2140-2.2255	2.2180-2.2190	0.45-0.55c dis	−2.70	1.45-1.55dis	−2.70
Canada	2.6440-2.6560	2.6455-2.6465	0.88-0.98c dis	−4.22	2.53-2.88dis	−3.94
Nethlnd.	5.17-5.21	$5.17\frac{1}{2}$-$5.18\frac{1}{2}$	$1\frac{1}{2}$-$\frac{1}{2}$c pm	2.32	3-2 pm	1.93
Belgium	76.55-77.05	76.70-76.80	5c pm-5 dis	—	12-22 dis	−0.88
Denmark	14.69-14.78	14.69-14.70	$\frac{7}{8}$ore pm-$\frac{7}{8}$ dis	—	$2\frac{3}{4}$-$4\frac{3}{4}$ dis	−0.99
Ireland	1.2800-1.2880	1.2835-1.2845	0.03p pm-0.13dis	−0.47	0.34-0.52dis	−1.34
W. Ger.	4.67-$4.70\frac{1}{2}$	$4.67\frac{1}{2}$-$4.68\frac{1}{2}$	1pf pm-par	1.28	$1\frac{1}{2}$-$\frac{1}{2}$ pm	0.85
Portugal	125.40-126.10	125.45-125.65	20c pm-55 dis	−1.67	35pm-155ds	−1.91
Spain	190.00-191.10	190.10-190.30	15c pm-25 dis	−0.31	75-120 dis	−2.05
Italy	2,270-2,279	2,271-2,273	7-9 lire dis	−4.22	$28\frac{1}{4}$-$31\frac{1}{4}$ dis	−5.24
Norway	11.95-12.10	$11.95\frac{1}{4}$-$11.96\frac{1}{4}$	1ore pm-$\frac{1}{2}$ dis	0.25	$2\frac{7}{8}$-$1\frac{1}{8}$ pm	0.67
France	11.03-11.08	11.03-11.04	$2\frac{1}{2}$-$1\frac{1}{2}$c pm	1.77	$2\frac{1}{4}$-$1\frac{1}{4}$ pm	0.63
Sweden	10.23-10.27	10.23-10.24	$3\frac{1}{2}$-$4\frac{1}{2}$ore dis	−4.62	$9\frac{7}{8}$-$10\frac{7}{8}$ dis	−4.05
Japan	459-463	$460\frac{1}{2}$-$461\frac{1}{2}$	2.40-1.85y pm	5.53	5.65-5.15 pm	4.68
Austria	33.10-33.30	33.10-33.15	8-$3\frac{1}{2}$gro pm	2.08	$14\frac{1}{2}$-6 pm	1.18
Switz.	$4.26\frac{1}{2}$-4.31	$4.27\frac{1}{4}$-$4.28\frac{1}{4}$	$2\frac{1}{2}$-$1\frac{1}{2}$c pm	5.61	6-5 pm	5.14

Belgian rate is for convertible francs. Financial franc 78.85-78.95. Six-month forward dollar 2.95-3.05c dis, 12-month 5.50-5.80c dis.

GOLD

	Mar. 13		Mar. 12	
Gold Bullion (fine ounce)				
Close	\$491-494	(£221¼-222½)	\$475-478	(£214¼-215½)
Opening	\$486-489	(£218½-220)	\$476-479	(£214¾-216)
Morning fixing	\$492	(£221.522)	\$477.50	(£215.352)
Afternoon fixing	\$492	(£221.572)	\$478	(£215.461)
Gold Coins				
Krugerrand	\$508-509½	(£229-229½)	\$491½-493	(£221½-222)
1/2 Krugerrand	\$261-263	(£117½-118½)	\$252-254	(£113½-114½)
1/4 Krugerrand	\$133-135	(£60-60¾)	\$128½-130½	(£57¾-58¾)
1/10 Krugerrand	\$56-57	(£25¼-25¾)	\$53-55	(£23¾-24¾)
Mapleleaf	\$503-504½	(£226¾-227¼)	\$487½-489	(£219½-220¼)
New Sovereigns	\$123¼-124¼	(£55½-56)	\$119½-120½	(£53¾-54¼)
King Sovereigns	\$142-144	(£64-65)	\$138½-140½	(£62½-63½)
Victoria Sovs.	\$142-144	(£64-65)	\$138½-140½	(£62½-63½)
French 20s	\$170-173	(£76½-78)	\$173-176	(£78-79¼)
50 pesos Mexico	\$610-615	(£275-277)	\$593-597	(£267-269)
100 Cor. Austria	\$476-481	(£214½-216½)	\$462-466	(£208-210)
\$20 Eagles	\$607-612	(£273½-275¾)	\$600-604	(£270¼-272)

EXCHANGE CROSS RATES

Mar. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.219	4.685	461.0	11.035	4.278	5.180	2272.	2.646	76.75
U.S. Dollar	0.451	1.	2.110	207.8	4.974	1.928	2.335	1024.	1.193	34.60
Deutschemark	0.214	0.474	1.	98.50	2.358	0.914	1.107	485.5	0.565	16.40
Japanese Yen 1,000	2.169	4.812	10.15	1000.	23.94	9.279	11.24	4928.	5.740	166.5
French Franc 10	0.906	2.010	4.241	417.8	10.	3.876	4.694	2059.	2.398	69.55
Swiss Franc	0.234	0.519	1.094	107.1	2.580	1.	1.211	531.2	0.619	17.94
Dutch Guilder	0.193	0.421	0.903	89.00	2.130	0.826	1.	438.6	0.511	14.82
Italian Lira 1,000	0.440	0.976	2.060	202.9	4.857	1.883	2.283	1000.	1.165	33.78
Canadian Dollar	0.371	0.838	1.769	174.2	4.170	1.617	1.958	858.7	1.	29.01
Belgian Franc 100	1.303	2.891	6.098	600.0.	14.38	5.573	6.749	2960.	3.448	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 7/16	offer 15 9/16	bid 15 7/16	offer 15 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 13 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	11½-13	12⅛-12¾	—	—	12	11½-12	—	—	—
2 days notice	—	—	13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-13¼	13¼	—	13½	13¼	12	—	—	—
One month	13-12⅞	12⅞-13	12¾-13	14⅛-14¼	13¼	13⅛	12	11⅞-11$\frac{13}{16}$	12$\frac{1}{16}$	13¼
Two months	12⅞-12$\frac{11}{16}$	12$\frac{11}{16}$-12$\frac{13}{16}$	—	13⅝-13	13⅛	13¼	12	12	12	13$\frac{1}{16}$
Three months	12$\frac{9}{16}$-12$\frac{7}{16}$	12$\frac{9}{16}$-12¾	12¼-12⅝	13-12⅝	12$\frac{13}{16}$	13	11⅞-12	11⅝-11$\frac{11}{16}$	11⅞	12$\frac{9}{16}$
Six months	12$\frac{5}{16}$-12$\frac{1}{16}$	12$\frac{9}{16}$-12$\frac{7}{16}$	12⅝	12⅝-12¼	12¾	13	—	—	11$\frac{7}{16}$-11½	11⅞
Nine months	12¼-12⅛	12¼-12$\frac{7}{16}$	—	12¾-12½	12$\frac{11}{16}$	12⅞	—	—	—	—
One year	12¼-12⅛	12$\frac{3}{16}$-12⅝	12½-13	12½-12¼	12$\frac{9}{16}$	12⅞	—	—	—	—
Two years	—	—	12¾-13	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13⅛ per cent; four years 13⅛-13¼ per cent; five years 13¼-13¾ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾-11$\frac{13}{16}$ per cent; four-month trade bills 12¼ per cent.

Approximate selling rate for one-month Treasury bills 11$\frac{13}{16}$-11¾ per cent; two-months 11⅞ per cent; three-months 11$\frac{7}{16}$ per cent. Approximate selling rate for one-month bank bills 11$\frac{15}{16}$ per cent; two-months 11⅞ per cent; three-months 11¾ per cent; one-month trade bills 13 per cent; two-months 12$\frac{15}{16}$ per cent and three-months 12$\frac{7}{16}$ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.6351 per cent.

CURRENCY MOVEMENTS

Mar. 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.1	−26.9
U.S. dollar	99.8	−4.1
Canadian dollar	85.2	−18.1
Austrian schilling	116.2	+32.2
Belgian franc	107.6	+9.2
Danish kroner	89.5	−10.4
Deutsche mark	120.7	+40.2
Swiss franc	134.6	+75.5
Guilder	112.3	+15.6
French franc	86.5	−9.6
Lira	61.1	−53.8
Yen	146.6	+42.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¾-13	14½-14¾	16½-17½	10⅛-10⅝	3-3½	9¼-9½	11-11½	15½-17½	11-12	8-8½
7 days' notice	12¾-13	14⅝-14⅞	16½-17½	10⅛-10⅝	3½-4	10¼-10½	11-11½	16½-18½	11-12	8⅜-8⅝
Month	12⅞-13	14$\frac{15}{16}$-15$\frac{1}{16}$	16⅝-17	10½-10$\frac{11}{16}$	7⅞-8	12-12⅛	11⅛-11⅜	17¼-18¼	12⅞-13	8¼-8½
Three months	12¾-12⅞	15$\frac{1}{16}$-15$\frac{3}{16}$	16⅝-16¾	10$\frac{9}{16}$-10⅞	8¼-8⅝	12$\frac{1}{16}$-12$\frac{3}{16}$	12-12¼	17⅝-18⅝	13⅝-13¾	7$\frac{13}{16}$-8$\frac{3}{16}$
Six months	12$\frac{9}{16}$-12¾	15$\frac{1}{16}$-15$\frac{3}{16}$	16-16⅜	10$\frac{9}{16}$-10$\frac{11}{16}$	8⅜-8½	11¾-11⅞	12⅝-12⅞	18-19	13⅝-13¾	7$\frac{13}{16}$-8$\frac{1}{16}$
One Year	12⅜-12$\frac{9}{16}$	14⅞-15⅛	15-15⅜	10$\frac{13}{16}$-11	8-8⅛	11-11¼	13-13¼	18⅞-19⅞	13¼-13⅞	8-8¼

SDR linked deposits: one-month 12⅞-13¼ per cent; three-months 13-13⅜ per cent; six-months 12$\frac{15}{16}$-13$\frac{5}{16}$ per cent; one year 12$\frac{11}{16}$-13$\frac{1}{16}$ per cent.

Asian \$ (closing rates in Singapore): one-month 15$\frac{5}{16}$-15$\frac{7}{16}$ per cent; three-months 15½-15⅝ per cent; six-months 15⅜-15½ per cent; one year 15$\frac{1}{16}$-15$\frac{3}{16}$ per cent. Long-term Eurodollar two years 14¾-15⅛ per cent; three years 14¾-15⅛ per cent; four years 14¾-15⅛ per cent; five years 14¾-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 14.80-14.90 per cent; three-months 14.95-15.05 per cent; six-months 14.85-14.95 per cent; one year 14.50-14.60 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU. March 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6734	+4.73	+1.75	±1.53
Danish Krone	7.72336	7.98681	+3.41	+0.43	±1.64
German D-Mark	2.48208	2.54182	+2.41	−0.57	±1.125
French Franc	5.84700	5.99342	+2.50	−0.48	±1.3557
Dutch Guilder	2.74362	2.81374	+2.56	−0.42	±1.512
Irish Punt	0.668201	0.696508	+4.25	+1.27	±1.668
Italian Lira	1157.79	1232.93	+6.49	+3.59	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Mar. 13	£	\$		£ Note Rates
Argentina Peso	5169-5189	2328-2338	Austria	32.90-33.30
Australia Dollar	1.9115-1.9135	0.8600-0.8605	Belgium	78.60-79.40
Brazil Cruzeiro	161.99 162.99	73.01-73.38	Denmark	14.68-14.85
Finland Markka	9.07-9.08	4.0650 4.0670	France	11.00-11.10
Greek Drachma	112.382 114.986	51.35-51.45	Germany	4.67-4.71½
Hong Kong Dollar	11.74-11.76	5.2890 5.2940	Italy	2260-2350
Iran Rial	166.70*	75.00*	Japan	461-466
Kuwait Dinar(KD)	0.606-0.612	0.2740-0.2742	Netherlands	5.17-5.22
Luxembourg Frc.	76.70-76.80	34.58-34.60	Norway	11.94-12.06
Malaysia Dollar	5.0250-5.0350	2.2640-2.2670	Portugal	121½-125½
New Zealand Dlr	2.4120-2.4140	1.0855-1.0865	Spain	185-195½
Saudi Arab. Riyal	7.41-7.47	3.3495-3.3505	Sweden	10.20-10.30
Singapore Dollar	4.6650-4.6750	2.1020-2.1050	Switzerland	4.25-4.29½
Sth African Rand	1.7525-1.7545	0.7900-0.7910	United States	2.20¾-2.22¾
U.A.E. Dirham	8.13-8.19	3.6720-3.6730	Yugoslavia	74-78

Rate given for Argentina is free rate. * Selling rate.

U.K. CONVERTIBLE STOCKS 13/3/81

Statistics provided by *dataSTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates⊕	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Div.♡	Cheap(+) Dear(−)◊ Current
British Land 12pc Cv. 2002	9.71	318.00	333.3	80-97	3.8	1.0	0.4	−5 to 0	18.1	90.8	22.9	+22.5
Hanson Trust 6½pc Cv. 88-93	3.02	126.00	57.1	76-82	5.3	3.1	−2.9	−9 to −0	7.1	6.3	−0.6	+ 2.3
Slough Estates 10pc Cv. 87-90	5.44	272.00	187.5	78-86	3.7		−3.3	−5 to 1	35.8	38.0	0.8	+ 4.0
Slough Estates 8pc Cv. 91-94	24.88	132.00	78.0	80-81	6.1	4.3	12.8	7 to 16	27.1	47.6	17.5	+ 4.7

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

LONDON STOCK EXCHANGE

U.S. events spark outbreak of mining bid speculation

Gilts consolidate recent gains but equities drift lower

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21

* "New time" dealings may take place from 9 am two business days earlier.

Bid situations, both rumoured and actual, provided the colour in an otherwise subdued last session of the trading Account in London Stock markets. The current spate of bids for U.S. mining concerns—Sohio's proposed merger with Kennecott followed hard on the heels of Seagram's bid for St. Joe Minerals—directed considerable attention to both base-metal producers and mining financials. RTZ, Consolidated Gold Fields and Charter Consolidated were among those to record useful gains. Similarly, many Australian mining issues, including Western Mining, also made good progress.

Following Trusthouse Forte's bid on Thursday for the Savoy, T. W. Ward's offer for Tunnel Holdings and late news of the bid approach for Warner Holidays helped enliven the proceedings in equities. Leading industrialists, however, disappointed after Thursday's impressive rally. Lack of follow-through support was held responsible for values being unable to maintain enhanced opening levels inspired by Wall Street's sharp overnight advance. From 10 pm, when the FT 30-share index was 2.3 up, leading industrials drifted lower and the index ended 3.8 off at 477.2 for a fall of 11.9 on the week and one of 29.4 on the Account.

Oils were one of the few lively sectors, but the tone here turned distinctly dull following a closer assessment of the preliminary results and statements on current trading from BP and Shell.

An exciting and busy week in the Gilt-edged market ended on a much quieter note. Fresh early demand enabled the Government broker to sell more of the new £15-paid medium tap, Exchequer 12½ per cent 1990, at 15 1/16 before withdrawing at that level. Other quotations opened higher throughout the list, but lack of sufficient funds to exhaust the authorities' supply of the tap prompted some short-term holders to take profits. As a result, initial rises of 1/16 among short-dated stocks were eventually replaced by losses of that amount. Mediums and longs finished with movements of ¼ either way, some after having recorded rises of ½.

Takeover speculation prompted considerable Traded option activity in RTZ and Cons. Gold Fields which recorded 770 and 434 deals respectively. Total contracts completed amounted to 1,777, and the week's daily average was boosted to 1,305.

Discount Houses up

Discount Houses drew encouragement from the Bank of England's consultative paper on monetary control and closed the day with improvements ranging to 6. Gerrard and National added that much at 316p, while Allen Harvey and Ross, 380p, and Union, 510p, rose 5 apiece. King and Shaxson firmed 4 to 98p as did Smith St. Aubyn, to 174p. Some 8 higher initially, the major clearing banks turned down on the lack of follow-through support and profit-taking *to end mixed.* Midland touched 324p before finishing unaltered at 320p, while Barclays put on 3 at 395p, after 400p.

Reflecting its North Sea oil interests, London United Investments rose 12 to 202p.

Breweries ended with narrowly mixed movements. Greenall Whitley added 3 at 114p, but Whitbread fell 2 more to 139p. Wines and Spirits were usually firm. Tomatin featured with a rise of 12 to 133p; the annual results are expected in the next Account. H. P. Bulmer, virtually unaffected by the recent excise duty increases, rose 6 to 178p.

Tunnel B moved ahead strongly in the early trading before being suspended at 353p; dealings resumed after news of T. W. Ward's shares and cash bid *for the company* and Tunnel advanced to 390p before closing 46 higher on balance at 380p. Prior to the announcement, T. W. Ward touched 130p on speculation that it was about to sell its near 30 per cent stake in Tunnel, but afterwards fell sharply to close unchanged on the day at 117. Leigh Interests, which has manufacturing links with Tunnel, rose 16 to 182p. Ward's offer for Tunnel also triggered speculative interest in Newarthill which, in a thin market advanced 20 to 405p, while Aberthaw Cement rose 5 to 210p. M.D.W., which shed 8 on Thursday following news that the approach to the company was unlikely to lead to an offer, dipped to 74p before rallying smartly to close a net 4 dearer on balance at 84p. Elsewhere, Derek Crouch firmed 7 to 182p in reply to the chairman's annual statement, while Montague L. Meyer put on 4 to 90p on "new-time" buying. Conder International, however, shed 5 to 115p following the annual profits slump.

ICI fell 12 to 226p being unsettled by the chairman's view on trading prospects after the Chancellor's Budget measures.

Stores ended an erratic week on a quiet note with the leaders drifting lower in a subdued business. Gussies A dipped 5 to 448p, while House of Fraser gave up 3 at 142p. Marks and Spencer, 111p, and Burton, 120p, both shed 2, but Woolworth held at 58½p. Secondary issues were mixed. Moss Bros. declined 5 to 185p and Cantors A eased 4 to 56p, but revived support took Foster Bros. up 4 to 84p and Comet Radiovision 5 higher to 135p. Goodman Brothers and Stockman added a penny to 10p despite the reduced first-half profits. Second-thoughts about Thursday's half-timer helped Strong and Fisher rally 5 to 63p.

Tubes failed to take Thursday's rally a stage further, reacting 6 to 180p on renewed selling induced by Wednesday's depressing preliminary results. Hawker ran back a similar amount to 274p and John Brown cheapened a penny to 73½p, after 72p. Awaiting Wednesday's annual figures, GKN lost the turn at 135p. Vickers contrasted with an improvement of 4 to 161p. Among secondary Engineerings, Stone Platt resumed trading at the suspended level of 25p but quickly fell away to close a net 5 down on balance at 20p, after 19p; the market was seemingly unimpressed by details of the £50m financial reconstruction plan. Prestwich Parker lost 3 to 22p in reaction to the interim dividend omission and first-half deficit, while Yarrow fell 15 to 253p on its por interim profits. Haden Carrier continued firmly, finished with a flurry at 30p, up comment, and Howard Machinery finished with a flury at 30p, up 4. *Butterfield Harvey added 3 to* 21½p, while Westland edged forward 2 to 131p owing to an investment recommendation.

United Biscuits touched 102p following comment on the preliminary results, but subsequently encountered profit-taking and closed only a net 2 dearer at 95p. Somportex were called 800p nominal, up 160, following reports that the company had forged trading links with F. W. Woolworth.

Dealings in Warner Holidays Ordinary and A shares were halted at 64p and 55p respectively at the company's request following a bid approach.

BTR rise again

Comment on the good results *and proposed 50 per cent scrip-*issue helped BTR improve 8 more to 444p for a gain on the week of 50. Stocklake touched 99p before closing 4 dearer at 94p, also on further consideration of pleasing results, while Thomas Tilling rose 4 to 162p on demand ahead of Wednesday's annual results. J. Hewitt (Fenton), figures due on the same day, rose 2 to a 1980-81 peak of 63p. Sharna Ware added 5 at 135p owing to revived speculative support, but Ofrex lost 4 at 79p. *Centreway Securities closed un-*altered at 116p; the price in yesterday's issue was incorrect.

Advertising agencies tended firmer and Geers Gross rose 4½ more to 86p.

Secondary Properties again claimed attention and New Cavendish Estates rose 20 for a two-day gain of 60 to 390p in a thin market. Gresham House Estates, which *owns just over 30* per cent of Cavendish, advanced 33 to 255p. Thames Investment improved another 6 to 176p, while Rosehaugh gained the same amount at 298p and Sheraton Securities added a penny at 18½p.

Profit-taking in Oils

With the notable exception of British Petroleum, which closed just4 cheaper on balance at 404p, after 396p, Oils gave up a major part of the previous day's sharp rise. This followed the BP and Shell preliminary trading statements, and also details of the seventh round of North Sea licence awards. Shell ended at the day's lowest level of 404p, down 14, while Ultramar came under pressure and shed 20 to 485p. Lasmo lost 20 to 605p and Tricentrol 10 to 288p. In contrast, Aran Energy gained 20 to 390p; the company has been awarded a licence to drill in Ireland. Global Natural Resources, still responding to the latest drilling report, touched 540p before closing 25 higher on balance at 525p.

Gill and Duffus, a dull market of late, rallied 7 to 167p; the annual results are due to be announced early next month. In contrast, Boustead, the subject of considerable speculative interest lately, fell 6 to 167p on profit-taking.

Among Financials, Akroyd and Smithers added 6 at 173p, while speculative support lifted Kellock 15 to 180p.

Takeovers boost mines

This week's bids for AMAX, Kennecott and St. Joe Minerals, triggered a wave of speculative interest in mining markets which surged ahead across a broad front.

In the American sector, Kennecott remained suspended after the U.S.$1.77bn agreed merger with Shohio, while AMAX were again suspended following a big backlog of orders on Wall Street; AMAX last traded in London at £26⅝, up almost a point on the previous day's close, and around £9 higher on the week.

St. Joe Minerals, in receipt of a $2bn bid from Seagram, rose a half-point to £21⅞. Other U.S. mining issues attracted heavy speculative interest. Asarco and Phelps Dodge were also temporarily suspended owing to a heavy trade, while Newmont Mining advanced £2 to £25 and Texasgulf £1½ to £24⅞. Homestake added ⅜ to £24⅛. Canadians registered strong gains with Noranda a point better at £11½ and Inco 50 firmer at 970p. Northgate jumped 65 to 385p.

UK-registered Financials have moved ahead strongly with Rio Tinto-Zinc particularly favoured as a takeover target; in heavy-two-way trading RTZ surged to 470p, dipped back to 455p, and then advanced to close a net 22 firmer at 465p. Gold Fields put on 20 to 455p, Charter 15 to 230p and Tanks 16 to 273p.

The bid speculation spilled over into Australians where the leading base-metal stocks registered substantial gains. Gains of around 17 were common to CRA, 244p, Western Mining, 273p and MIM Holdings, 216p.

South African Golds were overshadowed by the intense activity in U.S., London and Australian stocks but managed to close the week on a strong note as the sharp rise in the bullion price encouraged a general price mark-up.

The Gold Mines index advanced 17.1 to 336.1—up 26.5 on the week—while bullion was finally $16 firmer at $492.50 an ounce.

Ahead of the dividend declarations Winkelhaak rose £1⅜ to £14, St. Helena ⅞ to £19, Kinross 34 to 608p, and Leslie 5 to 131p.

FINANCIAL TIMES STOCK INDICES

	Mar. 13	Mar. 12	Mar. 11	Mar. 10	Mar. 9	Mar. 6	A year ago
Government Secs.	69.65	69.66	69.49	68.75	68.61	68.35	64.22
Fixed Interest	71.59	71.56	71.40	70.67	70.58	70.59	64.80
Industrial Ord.	477.2	481.0	470.0	484.3	483.5	489.1	439.9
Gold Mines	336.1	319.0	316.7	329.4	319.1	309.6	286.5
Ord. Div. Yield	7.02	6.97	7.10	7.27	7.29	7.20	7.79
Earnings, Yld.%(full)	14.81	15.27	16.09	15.64	15.68	15.50	20.07
P/E Ratio (net) (*)	8.35	8.04	7.66	7.88	7.86	7.95	6.05
Total Bargains	24,269	21,783	21,797	22,877	24,093	26 234	21,230
Equity turnover £m.	—	143.97	164.10	91.86	107.57	140.81	95.00
Equity bargains total	—	18,268	15,813	17,423	19,592	17,742	12,846

10 am 483.3. 11 am 479.3. Noon 477.1. 1 pm 477.2.
2 pm 477.2. 3 pm 476.8.
Latest index 01-246 8026.
*Nil=7.75.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	559.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 12	Mar. 11
—Daily		
Gilt Edged Bargains	250.7	244.9
Equities Bargains	118.3	102.5
Value	291.0	331.7
5-day Avrge.		
Gilt Edged Bargains	247.6	245.5
Equities Bargains	115.1	117.1
Value	262.1	252.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri., March 13, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs. March 12 Index No.	Wed. March 11 Index No.	Tues. March 10 Index No.	Mon. March 9 Index No.	Year ago (approx.) Index No.	1980-81 High	1980-81 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (212)	310.88	+0.2	13.20	5.24	9.26	310.14	304.71	309.22	307.61	237.55	316.38 (27/2/81)	208.87 (3/1/80)	316.38 (27/2/81)	50.71 (13/12/74)
2	Building Materials (26)	274.22	+1.0	16.86	6.30	7.09	271.45	267.96	270.27	268.88	231.37	279.76 (2/3/81)	194.00 (3/1/80)	279.76 (2/3/81)	44.27 (11/12/74)
3	Contracting, Construction (26)	486.52	+0.8	18.76	5.23	6.41	482.85	483.49	483.50	484.29	365.35	496.00 (2/3/81)	313.00 (3/1/80)	496.00 (2/3/81)	71.48 (2/12/74)
4	Electricals (27)	1015.81	—	8.54	2.58	14.46	1015.97	992.18	1008.08	1002.48	611.60	1038.74 (27/2/81)	539.56 (2/1/80)	1038.74 (27/2/81)	84.71 (25/6/62)
5	Engineering Contractors (11)	413.03	+0.7	14.44	6.26	8.83	410.23	410.16	414.11	412.50	277.11	424.39 (2/3/81)	264.74 (30/5/80)	429.70 (4/5/79)	64.39 (2/1/75)
6	Mechanical Engineering (72)	183.97	−0.4	15.17	6.82	8.34	184.78	182.66	186.47	185.67	162.58	190.20 (18/7/80)	146.46 (3/1/80)	211.08 (8/5/79)	45.43 (6/1/75)
8	Metals and Metal Forming (13)	144.01	−0.4	18.31	11.59	6.92	144.52	142.46	147.13	145.76	162.75	173.09 (18/7/80)	127.24 (14/1/81)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (21)	88.08	−0.1	20.29	9.41	5.71	88.17	87.48	89.40	89.26	107.08	115.86 (29/1/80)	84.67 (23/1/81)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (16)	327.19	+1.2	13.66	6.27	8.61	323.19	312.69	315.18	312.23	0.00	327.19 (13/3/81)	277.55 (15/1/81)	327.19 (13/3/81)	277.55 (15/1/81)
21	CONSUMER GROUP (197)	240.75	−0.5	15.70	6.55	7.73	241.93	238.16	244.64	245.22	216.06	253.40 (27/2/81)	200.15 (3/1/80)	269.81 (4/5/79)	61.41 (13/12/74)
22	Brewers and Distillers (20)	263.48	−0.3	17.58	6.94	6.75	264.24	259.97	266.41	269.13	260.76	306.45 (8/7/80)	244.42 (13/1/81)	306.45 (8/7/80)	69.47 (13/12/74)
25	Food Manufacturing (22)	223.45	−0.2	17.66	7.08	6.73	223.85	219.06	224.94	224.27	193.17	227.68 (5/3/81)	183.95 (28/3/80)	236.75 (4/5/79)	59.67 (11/12/74)
26	Food Retailing (14)	445.88	+0.3	10.10	3.61	11.70	444.70	440.89	448.30	449.31	298.40	486.44 (5/1/81)	286.28 (3/1/80)	486.44 (5/1/81)	54.25 (11/12/74)
27	Health and Household Products (7)	255.15	−0.4	10.41	5.59	11.42	256.29	252.52	258.36	257.88	205.84	273.09 (19/2/81)	175.38 (28/5/80)	291.13 (14/9/78)	175.38 (28/5/80)
29	Leisure (22)	364.50	+0.4	15.34	6.27	8.04	363.17	358.15	363.52	360.94	294.15	374.49 (2/3/81)	268.87 (3/1/80)	374.49 (2/3/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	441.01	−0.2	19.94	7.27	6.55	441.78	437.87	444.89	445.74	418.39	456.79 (1/10/80)	378.52 (3/1/80)	492.56 (8/5/79)	55.08 (6/1/75)
33	Packaging and Paper (15)	120.80	−0.1	26.44	10.02	4.38	120.95	120.11	124.03	123.21	126.88	140.51 (21/7/80)	108.85 (14/1/81)	155.65 (14/9/78)	43.46 (6/1/75)
34	Stores (44)	242.56	−1.1	12.21	5.21	10.74	245.17	240.11	250.34	251.72	218.11	262.86 (21/11/80)	188.71 (3/1/80)	273.48 (4/5/79)	52.63 (6/1/75)
35	Textiles (21)	137.10	−1.2	18.55	9.74	7.01	138.74	138.64	140.35	140.78	127.23	145.24 (2/3/81)	116.89 (6/6/80)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	212.07	−1.2	26.80	10.98	4.25	214.75	213.15	215.98	216.96	198.86	240.29 (12/9/80)	192.86 (3/1/80)	339.16 (2/8/72)	94.34 (13/6/62)
39	Other Consumer (17)	256.25	+0.3	10.07	7.50	12.52	255.40	257.52	258.84	259.42	0.00	264.52 (2/3/81)	231.28 (4/2/81)	264.52 (2/3/81)	231.28 (4/2/81)
41	OTHER GROUPS (79)	203.40	−1.2	15.11	7.46	8.19	205.89	203.82	209.89	209.12	199.98	230.85 (21/7/80)	184.19 (3/1/80)	234.76 (8/5/79)	58.63 (6/1/75)
42	Chemicals (15)	235.35	−3.1	13.76	8.90	9.22	242.84	239.87	249.91	248.94	291.84	326.53 (7/7/80)	235.35 (13/3/81)	329.77 (4/5/79)	71.20 (1/12/74)
44	Office Equipment (6)	105.50	−1.4	17.64	7.87	6.72	106.97	105.27	109.19	107.36	114.58	123.10 (14/2/80)	93.19 (14/1/81)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	578.18	−0.4	13.13	6.39	9.32	580.35	568.98	579.82	578.59	460.73	617.88 (22/8/80)	411.53 (10/1/80)	617.88 (22/8/80)	90.80 (29/6/62)
46	Miscellaneous (45)	267.13	+0.5	16.66	6.32	7.38	265.82	265.20	270.34	270.20	236.06	287.99 (31/7/80)	211.86 (3/1/80)	287.99 (31/7/80)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (488)	259.45	−0.3	14.67	6.17	8.32	260.24	256.18	262.03	261.69	224.33	269.71 (27/2/81)	203.76 (3/1/80)	273.01 (4/5/79)	59.01 (13/12/74)
51	Oils (12)	851.79	−2.0	21.74	6.62	5.29	869.35	821.91	844.95	853.22	749.40	1065.24 (19/11/80)	668.86 (8/1/80)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	306.39	−0.7	16.19	6.26	7.41	308.48	301.05	308.25	308.58	265.83	329.58 (21/11/80)	241.13 (3/1/80)	329.58 (21/11/80)	63.49 (13/12/74)
61	FINANCIAL GROUP (118)	243.66	+0.2	—	5.62	—	243.08	240.42	242.53	243.28	191.82	260.37 (28/10/80)	175.85 (3/1/80)	260.37 (28/10/80)	55.88 (13/12/74)
62	Banks (6)	227.03	+0.3	42.30	7.84	2.87	226.33	220.84	221.14	225.99	210.20	271.75 (29/10/80)	201.01 (8/4/80)	288.32 (20/7/72)	62.44 (12/12/74)
63	Discount Houses (10)	307.48	+1.6	—	6.02	—	302.59	299.22	299.22	299.22	213.23	313.98 (26/2/81)	206.50 (18/3/80)	313.98 (26/2/81)	81.40 (10/12/74)
64	Hire Purchase (4)	239.14	+0.1	9.84	5.46	14.34	238.80	234.41	235.34	235.29	186.48	253.41 (24/7/80)	160.72 (3/1/80)	433.74 (4/5/72)	38.83 (11/12/74)
65	Insurance (Life) (10)	257.45	+0.8	—	5.19	—	255.45	252.32	255.23	254.25	171.21	272.22 (28/10/80)	151.80 (3/1/80)	272.22 (28/10/80)	44.88 (2/1/75)
66	Insurance (Composite) (9)	160.31	−0.2	—	7.46	—	160.59	158.28	159.83	159.08	124.62	183.32 (18/9/80)	117.05 (3/1/80)	183.32 (18/9/80)	43.96 (13/12/74)
67	Insurance Brokers (9)	339.60	—	12.93	6.82	10.56	339.63	339.87	341.13	353.48	284.68	366.44 (18/9/80)	256.48 (3/1/80)	372.27 (11/8/78)	65.86 (16/12/74)
68	Merchant Banks (13)	147.91	+0.2	—	5.30	—	147.58	146.99	151.99	152.45	101.68	164.30 (19/11/80)	87.47 (3/1/80)	278.57 (1/5/72)	31.21 (7/1/75)
69	Property (46)	473.36	+0.3	3.18	2.64	43.65	471.74	471.08	477.21	474.12	365.61	487.12 (27/2/81)	304.20 (3/1/80)	487.12 (27/2/81)	56.01 (20/4/65)
70	Miscellaneous (11)	175.51	−0.2	15.50	5.30	8.22	175.92	174.99	173.56	173.62	128.31	180.91 (2/3/81)	119.62 (3/1/80)	303.18 (18/5/72)	33.29 (17/12/74)
71	Investment Trusts (109)	285.54	+0.1	—	5.39	—	285.26	287.17	289.54	288.76	212.80	298.64 (29/10/80)	188.97 (3/1/80)	298.64 (29/10/80)	71.63 (13/12/74)
81	Mining Finance (3)	232.44	+5.0	14.55	5.77	8.15	221.29	216.02	222.64	217.33	188.49	277.15 (30/10/80)	161.95 (1/1/80)	277.15 (30/10/80)	66.31 (30/9/74)
91	*Overseas Traders (20)*	*440.76*	*+0.2*	*12.13*	*6.73*	*10.13*	*440.01*	*436.42*	*441.08*	*441.18*	*396.16*	*462.79 (22/10/80)*	*330.03 (3/1/80)*	*462.79 (22/10/80)*	*97.37 (6/1/75)*
99	ALL-SHARE INDEX (750)	294.29	−0.3	—	6.09	—	295.17	289.45	295.23	295.39	248.28	313.07 (21/11/80)	225.06 (3/1/80)	313.07 (21/11/80)	61.92 (13/12/74)

FIXED INTEREST PRICE INDICES

	British Government	Fri. March 13	Day's change %	Thurs. March 12	xd adj. today	xd adj. 1981 to date
1	Under 5 years	108.68	−0.02	108.71	—	2.48
2	5-15 years	111.96	−0.05	112.02	—	2.02
3	Over 15 years	115.57	+0.03	115.53	—	2.16
4	Irredeemables	127.94	+0.10	127.81	—	1.78
5	All stocks	111.80	−0.01	111.81	—	2.18

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Fri. March 13	Thurs. March 12	Year ago (approx.)	1980-81 Highs	1980-81 Lows
1	Low Coupons	5 years	11.28	11.25	13.12	13.32 (4/3/80)	11.17 (21/7/80)
2		15 years	12.13	12.14	13.00	13.12 (4/3/80)	11.11 (21/7/80)
3		25 years	12.29	12.29	13.00	13.12 (4/3/80)	11.11 (21/7/80)
4	Medium Coupons	5 years	13.05	13.00	14.95	15.37 (4/3/80)	12.45 (21/7/80)
5		15 years	13.66	13.64	14.59	14.71 (4/3/80)	12.40 (21/7/80)
6		25 years	13.43	13.42	14.37	14.50 (4/3/80)	12.35 (23/7/80)
7	High Coupons	5 years	13.05	13.00	15.10	15.44 (4/3/80)	12.71 (17/7/80)
8		15 years	13.89	13.87	14.91	15.06 (4/3/80)	12.81 (21/7/80)
9		25 years	13.60	13.60	14.76	14.92 (4/3/80)	12.63 (23/7/80)
10	Irredeemables		11.55	11.55	12.50	12.53 (21/3/80)	10.80 (21/7/80)

	Fri., March 13 Index No.	Yield %	Thur. Mar. 12	Wed. Mar. 11	Tues. Mar. 10	Mon. Mar. 9	Fri. Mar. 6	Thur. Mar. 5	Wed. Mar. 4	Year ago App'x	1980/81 Highs	1980/81 Lows	Since Compilation Highs	Since Compilation Lows
15 20-yr. Red. Deb. & Loans (15)	52.85	14.02	52.78	52.68	52.39	52.38	52.38	52.42	52.41	48.62	56.65 (30/7/80)	49.12 (7/1/80)	113.43 (23/10/65)	37.06 (3/1/75)
16 Investment Trust Prefs. (16)	51.15	15.25	50.87	51.01	51.01	51.01	51.01	51.01	51.08	47.91	52.61 (27/11/80)	46.34 (2/1/80)	114.41 (15/3/63)	34.45 (4/12/74)
17 Coml. and Indl. Prefs. (20)	68.55	15.10	68.78	68.46	68.28	68.20	68.28	68.38	68.50	61.51	68.70 (12/5/81)	60.92 (27/5/80)	114.96 (7/10/63)	47.67 (6/1/75)

Equity Section or Group	Base Date	Base Value	Equity Section or Group	Base Date	Base Value
Other Industrial Materials	31/12/80	287.41	Miscellaneous Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20			
Industrial Group	31/12/70	128.20			

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 25½p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from the Book Sales Department, FT Business Publishing Limited, Minster House, Arthur Street, London, EC4R 9AX, at £50 per copy.

CONSTITUENT CHANGE: Lockwoods Foods (Food Manufacturing) has been deleted and replaced by British Aerospace (Mechanical Engineering).

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (54)

BRITISH FUNDS (2)
COMNWLTH. & AFRICAN LOANS (1)
AMERICANS (3)
CANADIANS (1)
BANKS (2)
BUILDINGS (5)
DRAPERY & STORES (1)
ELECTRICALS (1)
ENGINEERING (3)
FOODS (4)
HOTELS (2)
INDUSTRIALS (8)
INSURANCE (1)
NEWSPAPERS (1)
PAPER (2)
PROPERTY (7)
TRUSTS (8)
OVERSEAS TRADERS (1)
MINES (1)

NEW LOWS (8)

CHEMICALS (1)
ICI
ELECTRICALS (1)
Dale Elec.
ENGINEERING (3)
Camford Eng. Ratcliffe Inds.
Concentric
LEISURE (1)
LWT "A"
OIL & GAS (1)
Hansa Pet
MINES (1)
Falcon

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	18	35	42	330	52	93
Corpns. Dom. and Foreign Bonds	6	7	52	67	27	231
Industrials	250	245	875	1,037	1,662	4,151
Financial and Prop.	156	61	276	426	701	1,339
Oils	34	10	28	130	108	124
Plantations	2	5	16	12	21	82
Mines	95	8	62	317	142	358
Others	82	23	33	236	250	193
Totals	643	394	1,384	2,555	2,961	6,579

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BTR	444	+8	Plessey	317	+1
Barclays Bank	395	+3	RTZ	465	+22
Boustead	167	−6	Shell Transport	404	−14
BP	404	−4	Tunnel B	380	+46
Charter Cons.	230	+15	Ultramar	485	−20
Global Nat. Res.	525	+25	Ward (T.W.)	117	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Calls were taken out in ICI, FNFC, Cons. Gold Fields, Turner and Newall, Lonrho, Haden Carrier, Hargreaves, British Land, Double Eagle, Thomas Borthwick, Woodside, Premier Oil, Burmah, Charterhall, Grindlays and William Press. A put was arranged in ICI and doubles were transacted in ICI, FNFC, Lonrho, Savoy A and Thomas Borthwick.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	59.1	63.5	+1.5	2.28
Abbey Capital	45.0	48.6	+0.2	5.84
Abbey General	54.8	58.4	+0.2	5.26
Abbey Gilt & F.I. Tst.	105.9	111.5xd	+0.1	11.72
Abbey Income	34.6	37.4	......	9.39
Abbey W'Wide Bd Tst.	94.9	100.4	−0.9	6.67
Abbey Inv. Tst. Fd.	49.8	53.8	+0.2	4.72
Equitas Prog. Tst.	79.2	85.6	+0.6	4.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PE. 01-623 6314.

AHR Gilt Trust	86.8	91.3xd	......	12.68

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	87.0	93.1xd	+0.4	6.02
Brit. Inds. Fund	75.8	81.1	+0.4	6.29
Growth & Income	49.9	53.4	+0.3	5.46
Elect. & Ind. Dev.	44.0	47.1	+0.2	5.31
Allied Capital	94.9	101.5	+0.06	4.53
Hambro Fund	129.9	139.0	+0.8	4.22
Hambro Acc. Fund	178.2	190.7	+0.9	4.77

Income Funds

High Yield Fd.	62.7	67.1xd	......	8.94
High Income	78.3	83.8xd	−0.8	7.72
Equity Income Fd.	44.5	47.6	+0.1	7.69
Govt. Secs.	26.0	26.7	......	11.61

International Funds

International	34.4	36.8	+0.3	2.17

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.8	45.1	+1.2	0.55
Cres. Internat'l.	79.2	85.5	−0.8	1.83
Cres. High. Dist.	43.7	47.2	+0.2	10.06
Cres. Reserves	48.8	52.7xd	+0.4	5.57
Cres. Tokyo	32.1	34.6	−0.4	1.01

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	......	10.78

Discretionary Unit Fund Managers
36/38 New Broad St. EC2M 1NU. 01-638 4485

Disc. Inc. Mar. 13	236.7	252.4	−1.2	5.20

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	......	6.93
Gt. Winchester O'seas	27.6	30.6	......	3.47

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	87.5	92.1	+0.5	4.72

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	35.4	38.1	+0.7	0.71
Ameri Spec. Sits. (z)	26.2	28.2	+0.4	0.82
Gilt + Fixed Int.	25.4	26.7	−0.1	11.86
Growth + Income	30.9	33.3	+0.1	7.19
Maximum Inc. Eq. Tst.	26.3	28.3xd	+0.1	8.94
Special Sits.	38.6	41.8	+0.6	1.86

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	38.8	41.7	......	2.12

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	239.7	252.4	......	4.76

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund Feb. 28		148.70	......	6.72
Wider Fund Feb. 28		265.60	......	5.14
Narrower Fd. Feb. 28		76.85	......	13.16

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	64.5	69.3xd	+1.1	2.07
(Accum. Units)	69.3	74.5	+1.3	2.07
American Recovery	70.3	75.2	+1.2	1.98
(Accum. Units)	72.2	77.3	+1.3	1.98
Australasian	112.5	120.4xd	+1.6	0.64
(Accum. Units)	117.9	126.1	+1.7	0.64
Commodity	142.5	152.5xd	+0.3	3.07
(Accum. Units)	167.6	179.3	+0.3	3.07
Compound Growth	183.6	196.5	−0.2	3.25

Schroder Unit Trust Managers Ltd.
40, St. Martins Lane WC2. Dealings 0705 27733

Capital	166.7	179.2	+2.6	2.76
(Accum. Units)	214.0	230.1	+3.4	2.76
Income Fnd	215.2	231.3	+1.9	8.19
(Accum. Units)	371.1	399.0	+3.2	8.19
Gilt	121.7	130.8	+2.0	4.08
(Accum. Units)	164.8	177.2	+2.8	4.08
Europe	21.2	23.8	+0.1	3.11
(Accum. Units)	25.9	27.8	+0.1	3.11
Smaller Co's	146.0	156.9	+0.2	3.25
American	48.1	51.7	+1.1	2.00
(Accum. Units)	48.1	51.7	+1.1	2.00
Tokyo	46.8	50.3	−0.4	0.25
(Accum. Units)	46.8	50.3	−0.4	0.25
Gilt & Fixed	48.7	51.2	+0.3	12.00
(Accum. Units)	48.7	51.2	+0.3	—
*Ph. & Ch. Fd. Feb. 17	225.6	237.4xd	......	4.84
*Recovery Mar. 3	286.1	301.1	......	4.11
*Spec. Ex. Mar. 3	453.5	477.3	......	2.11
*European Exempt	95.0	100.0	......	3.50

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units		124.77	+0.17	—
Property Units		13.99		—
Equity Bond Exec.	16.56	17.52	+0.11	—
Prop. Bond Exec.	18.33	19.40	......	—
Bal. Bd. Exec/Unit	17.59	18.61	+0.08	—
Deposit Bond	138.3	146.5	......	—
Equity Accum.		292.4	+2.3	—
Property Accum.		19.38	......	—
Mngd. Accum.		240.3	+1.3	—
2nd Equity	131.5	139.2	+1.0	—
2nd Property	142.5	150.8	......	—
2nd Managed	130.3	137.8	+0.7	—
2nd Deposit	120.9	127.9	......	—
2nd Gilt	106.4	112.6	+1.0	—
2nd American	120.3	127.3	+2.3	—
2nd Intl. Money	107.1	113.3	......	—
2nd Eq. Pens./Acc.	157.9	167.1	+1.4	—
2nd Prp. Pens./Acc.	164.0	173.5	......	—
2nd Mgd. Pens./Acc.	148.8	157.5	+0.9	—
2nd Dep. Pens./Acc.	140.7	148.9	......	—
2nd Gilt Pens./Acc.	123.3	130.5	+1.1	—
2nd Am. Pens./Acc.	138.9	147.0	+3.2	—

Henderson Administration
11 Austin Friars, London, EC2. 01-588 3622

High Income Fd.	97.6	102.8	+0.1	—
Gilt Edged Fund	95.9	101.0	+0.1	—
Capital Growth Fund	99.9	105.2	+0.4	—
Special Situations Fd.	107.1	112.8	−0.3	—
North American Fund	114.0	120.1	+2.8	—
Far East Fund	116.6	122.8	−1.1	—
Property Fund	98.8	104.0	......	—
Managed Fund	107.6	113.3	+0.7	—
Deposit Fund	98.3	103.5	......	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	233.6	245.4	......	—
Property Series A	143.0	150.5	......	—
Managed Units	204.5	215.3	......	—
Managed Series A	119.6	126.0	......	—
Managed Series C	106.2	111.8	......	—
Money Units	149.6	157.5	......	—
Money Series A	119.5	125.8	......	—
Fixed Int. Fund	116.2	122.3	......	—
Equity Fund	113.8	119.9	......	—

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		121.5	−0.8	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	101.5	106.8	......	—
Accum. Pen. Units	154.4	162.4	......	—
Flex. Inv. Growth	126.6	133.3	......	—
Future Assd. Growth	30.0(a)	55.0(b)	......	—
Ret. Ass'd Pen.		£31.96	......	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$168.10	170.28	......	1.75

Next dealing March 27.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$13.84	......	—

Net asset value March 9.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.36	10.37	......	16.02
AHR Gilt Edg. Fd.	£11.41	11.44xd	+0.01	12.85

Alliance International Dollar Reserves

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS-Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

97	40	Barymin	44	-1	—	—	—
17	12	Burma Mines 10p	14½	.....	0.62	1.1	6.2
445	53	Colby Res. Corp.	198	-2	—	—	—
502	200	Cons. Murch. 10c.	220	.....	t030c	1.8	7.5
100	75	††Hemerdon 10c.	85	.....	—	—	—
225	36	Highwood Res.	185	.....	—	—	—
585	300	Northgate C$1	335	+65	—	—	—
*486	322	R.T.Z.	465	+22	t16.0	3.2	4.9
£115	£93½	[illegible]	£109	+3½	Q9½%	—	f9.0
143	91	††SPO Minerals 10p	140	.....	—	—	—
58	26	Sabina Inds. C$1	47	+12	—	—	—
51	28	††SWCM 10p	28	.....	—	—	—
650	411	Tara Expln. $1	475	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Saturday March 14 1981

MEN OF THE WEEK

Royce would be proud

BY MICHAEL DONNE

ROLLS-ROYCE this past week has admirably commemorated its own 75th anniversary which falls tomorrow, by holding on against fierce competition to a key order for its RB-211 engine in the U.S. market.

A top-level team, headed by chairman Lord McFadzean, formerly of Shell and British Airways, visited the U.S. for a face-to-face confrontation with former astronaut Frank Borman, president of Eastern Airlines, to make it clear that Rolls-Royce could more than match offers of new engines for that airline's fleet of 27 Boeing 757 jets made by arch-rival Pratt and Whitney.

At stake was not only holding on to an order worth over £200m already placed by Eastern for the new Dash 535C *version of the RB-211 for the 757s*, but also the credibility of Rolls-Royce in the American and world aero-engine markets.

Pratt and Whitney, flushed with confidence after having won orders worth over $1bn from Delta and American Airlines for its own new PW-2037 engine, tried to woo Eastern away from Rolls-Royce with

Sir Henry Royce
The begetter of the famous Merlin

what are believed to be highly enticing financial and technical guarantees that it thought Rolls-Royce either could not, or would not, match.

Pratt and Whitney underestimated the Scottish tenacity of Lord McFadzean, and the grim determination of his team up at Derby, the base from which the RB-211 is launched on to world markets. The team is led by Mr. Denis Head, managing director (operations) for Rolls-Royce, supported by Mr. Jim Keir, director of Rolls-Royce (Derby) and Mr. David Pickerell, director of the 535 programme.

Some time ago, with a percipience that has proved well justified, the team decided to improve the Dash 535C version of the RB-211. The engine already offered up to 40 per cent better fuel consumption over the older engines it was intended to replace, but the team improved it by a further 8 per cent in the new E4 version by design improvements to the fan, the high pressure system and the engine exhaust. Over the ten-plus years *in-service life of a fleet* of 27 jets, such an improvement is worth well over $100m to any airline. Eastern could hardly welsh on the Rolls-Royce deal, and it did not.

The success of Lord McFadzean and his team not only shows what can be done by a British company when it is determined not to be ground down by hard U.S. competition. It is also a cogent illustration of how the world aero-engine business has changed.

Over 50 years ago, in 1928, the late Sir Henry Royce himself designed the "R" engine that eventually won the Schneider Trophy for Britain in 1929 and again outright in 1931. He did it simply.

He lived, for the sake of his health, at West Wittering in Sussex. His top aides came to see him on a beautiful autumn morning in 1928, and they all went for a walk on the beach. Royce, when tired, sat by a groyne, and sketched out the *design of the new engine in the* sand with his stick, raking it out as changes were suggested.

As a result, Britain not only had an engine that won the Schneider Trophy, but from it came the famous Merlin that powered the Spitfires and Hurricanes that won the Battle of Britain in the skies over Southern England in the summer of 1940.

Engine design, development and manufacture is now a much more complex business than anything Royce himself ever dreamed of, while the sales campaigns that have to be waged are growing fiercer every year.

Urgent moves to restructure conditions for index-linked gilts

Bank tangle over £1bn issue

BY CHRISTINE MOIR

THE BANK OF ENGLAND is urgently trying to restructure the conditions for its new "pension funds only" £1bn index-linked gilts to avoid considerable potential embarrassment ahead of the March 27 closing date for the issue.

Under the conditions published in Thursday's prospectus for the new issue, the first of its kind and restricted to pension funds only, the Bank has unwittingly precluded many hundreds of genuine funds from applying.

"We are aware of the problem," the Bank said yesterday. "We are working on examining practical steps to amend the conditions in order to go forward on the basis originally envisaged whereby properly constituted pension funds can apply for the issue."

The problem arises in the definition of a pension fund contained in the prospectus. According to clause 8, the new gilts issue is to be restricted to pension funds which have been formally approved by the Inland Revenue as "approved exempt schemes" for the purposes of the 1970 Finance Act.

The trouble is that many hundreds of large, properly constituted funds are still awaiting Inland Revenue approval. They include the £212m British Aerospace pension fund, and more than a third of the £300m schemes within the Allied Breweries group.

When the Social Securities Pensions Act came into force in 1978, about 6,000 pension schemes in the private sector "contracted out" of the State pensions scheme. Some merely amended their existing arrangements but many others, possibly more than half, took the opportunity, or were forced, to start new schemes from that date.

In addition, companies which have been involved in major mergers or rationalisation programmes have also been redrafting their Trust Deeds.

All these funds have had to queue at the Superannuation Funds Office of the Inland Revenue for the formal approval which alone gives them the right to pay no tax.

Examining the Trust Deeds to ensure that they do not disguise tax avoidance plans is a time-consuming operation for so many funds.

When the Bank of England devised the conditions for its new index-linked gilts it felt precluded by Budget secrecy from discussing the matter with the Inland Revenue.

Now it is trying to remedy the situation in time for the planned issue. "The problems are not likely to be insurmountable," the Bank said yesterday. "We believe there will be a way for properly constituted and large funds to appy even if they do not have full Inland Revenue approval."

Civil Service unions claim widespread strike action

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions claimed that large numbers of staff came out on strike yesterday, including operators at two key Inland Revenue computer centres.

Strike co-ordinators suggested the total might be as high as 100,000.

The Council of Civil Service Unions said that the workers took action in protest at the threatened suspension from duty of junior clerical Customs and Excise staff in Liverpool for refusing to handle work normally done by Excise staff on strike as part of the union's cargo blockade of Ireland.

Four staff threatened with suspension without pay for refusing to work normally have been brought out on strike by the unions, but a further six clerical assistants were told yesterday that they faced suspension on Monday if they refused to work normally.

Walkouts were already being staged in many areas, but the news of further threatened suspensions increased the lightning strikes.

The CCSU said that a large number of local social security offices were closed in the afternoon, and that a majority of the tax *officials'* union, the Inland Revenue Staff Federation, left their offices two hours early at 3.30 to join the strikes.

The unions claimed that about 25,000 were out in Manchester, 15,000 in Birmingham and 10,000 in Liverpool. Though no figures were readily available from Departments last night, the unions' claims for the level of support for Monday's one-day strike were disputed by the Government.

The strikes included action in the Scottish and London courts; eight offices in the City of London; and at the Department of Employment benefit computer at Livingston, Scotland.

The Department sharply criticised this last action, which it said would delay until next week unemployment benefit cheques due yesterday to about 130,000 people in Scotland and the North.

Most staff involved in the walk-outs are expected to return to work on Monday, but 535 staff at the Revenue computer centre at Cumbernauld, Scotland, and 530 at the computer at Shipley, Yorks, came out indefinitely.

The two computers process on average about £600m a week in Pay As You Earn contributions, Corporation Tax and national insurance payments, though in the peak periods of operation, which occur regularly around the 19th of each month, that figure can rise to £1.5bn.

Coupled with the stoppage at the VAT computer centre at Southend-on-Sea, where £250m net is processed each week, the unions claim the effect in peak weeks could be to halt the flow of £1.85bn, or what they say is probably about two-thirds of Government revenue.

Why the civil servants took action, Page 4

Chloride chief dismissed

By Hazel Duffy, Industrial Correspondent

THE DIRECTORS of Chloride have dismissed Mr. John Ray, their chief executive, in an apparent attempt to inject new management direction into the ailing batteries group.

He will be succeeded from Monday by Mr. Ken Hodgson, aged 50, a South African who is in charge of Chloride Europe.

The decision to dismiss Mr. Ray was taken by the whole board, which includes five non-executive directors and eight executive directors including Mr. Ray.

According to Mr. Ray yesterday, Sir Alastair Pilkington, non-executive chairman of Chloride, said to him: "When the battle is going badly you have to change the general."

In the six months to September 30, 1980, Chloride *made a loss of £5.1m before tax* and made no dividend payment. Sir Alastair gave a warning that in the present economic climate, Chloride "will do well to break even in this financial year."

He spoke of the need to restructure the group's operations to become more efficient.

Mr. Ray, 47, was appointed chief executive in 1977 in succession to Mr. (now Sir) Michael Edwardes who was made chairman of BL. Sir Michael is still a deputy chairman of Chloride and is on secondment to BL from Chloride

Continued from Page 1

Occidental blames tax rise

Occidental and its partners—Allied Chemical, Getty, and the Thomson Organisation — had planned to use tax credits gained from the main Claymore Field development to help finance the neighbouring North Claymore project. But proposed changes in the "uplift" allowances and "safeguard" provisions will make Petroleum Revenue Tax conditions more onerous.

At present, an "uplift" allowance of 35 per cent on top of field development costs can now be set against PRT. In future, this uplift will be restricted to expenditure incurred up to the time the field's operators begin to make a profit.

The safeguard provisions presently protect companies against Petroleum Revenue Tax payments where profits are less than 30 per cent of capital investment. Above this level, the PRT charge does not exceed 80 per cent of the profits over the 30 per cent return. In future these safeguard provisions will be restricted to a period half as long again as the time it takes companies to recover their development costs.

The UK Offshore Operators Association, which represents North Sea companies, has already warned that tax changes will hit the pace of both exploration and development. But Occidental is the first company to reveal changed plans.

North Claymore is a small field by North Sea standards. Recoverable reserves are thought to be about 50m barrels, just about sufficient to justify the development using a floating semi-submersible production unit capableof handling a flow *of about 35,000 barrels a day*.

Occidental has already positioned on the seabed a £250,000 eight-well drilling frame, fabricated by Blackwall Engineering, a British Shipbuilders subsidiary. Its first main North Claymore development contract, *recently placed with contractors* Brown and Root (UK) has already been terminated. Brown and Root had been asked to undertake the engineering and project management of the processing facilities.

The Department of Energy, which is considering a formal development application for North Claymore, would not comment on the postponement last night.

But it is thought that the Government will not be too dismayed by a slow-down in development work over the next few years. Production from existing commercial fields should be more than sufficient to cover UK consumption for much of the 1980s.

Continued from Page 1

Tory MP to quit over Budget

the grounds that they would promote leaks of Budget information. Moreover the ministers are asking to be consulted on broad guidelines, rather than fine details.

Mr. Michael Foot, the Leader *of the Opposition, kept up his* attack on the Government yesterday. Speaking at Preston he attacked the Prime Minister directly: "It is hard to know which to marvel at the more—her arrogance or her simplicity, her conviction that she is right and almost everyone else is wrong or her awareness of what is happening all around her," he said.

Alan Pike writes: The Prime Minister and the Chancellor met leaders of the Confederation of British Industry for more than an hour yesterday after the CBI demanded an opportunity to express its serious concern about the effects of Tuesday's Budget on industry.

Yesterday's meeting, which was agreed by Downing Street within 24 hours of its being requested, was sought after Sir *Raymond Pennock, the* CBI president, had discussed the Budget with his president's committee and CBI regional chairmen.

Anti-trust probe into $8bn bids

BY PAUL BETTS IN NEW YORK

THE U.S. Justice Department has started investigating all three of the bids worth a total of $8bn (£3.6bn) made for leading American mining groups over the past 10 days.

The anti-trust division of the Justice Department said yesterday that its inquiries were prompted by the size of the deals, rather by broader concerns about changes in the ownership of the mining and metals industry.

All the deals involve big conglomerates using the *profits from their oil interests* to expand into natural resources by bidding for mining groups.

Late on Thursday night, Standard Oil of Ohio (Sohio), the U.S. oil company 53 per cent-owned by British Petroleum, announced an agreed *$1.77bn bid for* Kennecott, the biggest U.S. copper producer.

This came a week after a record bid, which could be worth $4.3bn, by Standard Oil of California (Socal) for AMAX, a diversified natural *resources company, and only* a day after a $2bn bid by Seagram, the Canadian drinks group, for St. Joe Minerals Company, a leading U.S. metals and coal company with interests in oil and gas.

The anti-trust action reflects in part the state of uncertainty in the Justice Department, and what may well be a changing climate in Washington over anti-trust matters.

President Ronald Reagan this month nominated Mr. William Baxter, a prominent law professor at Stanford University, as the new head *of the department's anti-trust* division. Mr. Baxter, whose appointment has yet to be confirmed by Congress, has said he opposes legislation to limit acquisitions by large oil companies.

For his part, President Reagan has hinted that he intends to adopt a softer approach towards anti-trust cases to help U.S. business efficiency.

He has also pledged to allow new oil and gas exploration federally owned land, as well as new mining ventures. *His attitude also appears to* be prompting oil companies to speed up their diversification programmes into other natural resource industries.

But the size of the latest deals could provoke opposition.

Reaction, Page 21; Wall Street, Page 20

Weather

UK TODAY

CLOUDY with showers and windy in South.

London, S. England, E. Anglia, Midlands, S.W. England, N. England, Channel Isles
Outbreaks of rain and some bright intervals. Wind fresh or strong. Max. 9-11C (48-52F).

E. and N.E. England
Cloudy with outbreaks of rain. Max. 8-9C (46-48F).

N. Wales, N.W. England, Isle of Man, Ulster
Bright intervals and showers. Wind moderate. Max. 7-9C (45-48F).

Borders, S. Scotland, Highlands
Fog patches early. Bright intervals and scattered showers. Wind moderate. Max. 7-9C (45-48F).

N. Scotland
Bright intervals and showers becoming wintry on hills. Max. 5-7C (41-45F).

Outlook: Wintry showers and sunny intervals, becoming colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	Lisbon	F	16	61
Algiers	F	22	72	Locarno	F	17	63
Amsdm.	C	10	50	London	C	11	52
Athens	S	18	64	L. Ang.†	F	13	55
Bahrain	S	23	73	Luxmbg.	C	9	48
Barclna.	S	19	66	Luxor	S	28	82
Beirut	C	17	63	Madrid	S	15	59
Belfast	C	9	48	Majorca	F	18	64
Belgrd.	R	10	50	Malaga	F	22	72
Berlin	R	9	48	Malta	S	20	68
Biarritz	F	14	57	Mchstr.	R	9	48
Bmghm.	C	9	48	Miami†	C	21	70
Blackp'l	R	9	48	Milan	C	17	63
Bordx.	F	13	55	Montrl.†	C	1	34
Boulgn.	R	9	48	Moscow	F	−11	12
Bristol	R	9	48	Munich	R	6	43
Brussels	R	9	48	Nairobi	C	27	81
Budpst.	C	13	55	Naples	F	15	59
Cairo	S	25	77	Nwcstl.	F	11	52
Cardiff.	R	8	46	N. York†	F	4	39
Casbca.	F	18	64	Nice	S	15	59
Cape T.	S	26	79	Nicosia	F	18	64
Chicg.†	F	2	36	Oporto	F	13	55
Cologne	F	13	55	Oslo	C	2	36
Cpnhgn.	C	0	32	Paris	C	10	50
Corfu	F	17	63	Perth	F	32	90
Denver†	F	2	36	Prague	C	10	50
Dublin	C	8	46	Rykjvk.	S	1	34
Dbvnk.	F	14	57	Rhodes	C	18	64
Ednbgh.	C	9	48	Rome	F	18	64
Faro	F	18	64	Salzbrg.	R	6	43
Florence	C	17	63	S'cisco†	C	8	46
Frankf't	C	13	55	Singapr.	C	27	81
Funchal	C	18	64	Stckhm.	Sn	−2	28
Geneva	C	8	46	Strasbg.	C	12	54
Gibrltr.	F	21	70	Tangier	S	18	64
Gl'sg'w	C	11	52	Tenerife	S	24	75
G'nsey	C	8	46	Tokyo	C	16	61
Helsinki	Sn	−9	16	Trnto.†	F	−1	30
H. Kong	C	26	79	Tunis	F	22	72
Innbrk.	C	9	48	Valencia	S	21	70
Invrnss.	R	7	45	Venice	C	10	50
I.o.Man	C	9	48	Vienna	F	12	54
Istanbul	R	16	61	Warsaw	C	2	36
Jersey	R	11	52	Zurich	R	7	45

هكذا من الأصل

THE LEX COLUMN

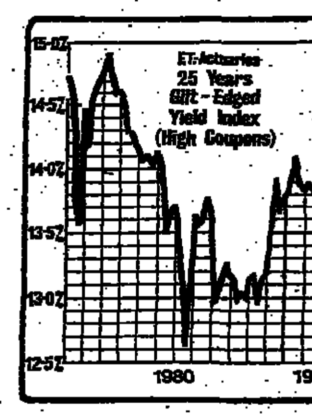
Wider ambitions of the oil men

After their sharp recovery on Thursday, equities were back on the downward path yesterday, and although some take-over bids have added spice to proceedings in the last couple of days, the FT 30-Share Index has lost nearly 6 per cent over the account.

There was no help for equities from the gilt-edged market yesterday, which saw a little profit-taking although the underlying tone looks very firm. There is a little concern that the March banking figures may not look specially good, partly because striking civil servants may hold up revenue payments, and partly because companies may have been drawing down overdraft facilities to lend at high rates in the money market.

Now, though, the Bank of England seems to have got money rates back under control, and it seems likely the gilt-edged market would accept any reasonable excuse about the March figures so long as public spending cuts remain high on the agenda.

Index fell 3.8 to 477.2



Resource bids

It is beginning to look like a fad. The week after Socal's bid for AMAX, BP's 53 per cent subsidiary Standard Oil of Ohio has stepped in with a $1.8bn offer—agreed this time—for another major minerals company, the Kennecott Corporation. At the same time Seagram, which may not be an oil company but has similar financial clout, is fighting to *take over St. Joe* Minerals.

Apart from the dividend, BP does not get its hands on Sohio's cash (or its oil, for that matter). Now that Sohio's Alaskan investments are complete, the company is producing—windfall taxes or not—more cash than it *can spend on developing its own* business.

In such circumstances the ambition of the management, as well as tax legislation, tends to prevent the surplus funds being returned to the shareholders. Yet on the whole oil companies have been poor diversifiers. Their major collective push into petrochemicals has been expensive, and looks especially so at the moment in the light of BP's £135m chemical operating losses for 1980. Some acquisitions have been just plain eccentric, such as Mobil's purchase of the stores group Moontgomery Ward in order to increase domestic earnings—shades of Lonrho.

But resource companies are now the thing. BP set such a high value on Selection Trust's assets with its bid last summer that the new BP mineral division could not cover the additional depreciation and operated at a loss in late 1980.

The resulting dilution of earnings can only be in the oil company shareholders' interest if it is outweighed by considerable long-term benefits. For the institutional fund manager, there is also a narrowing of investment choice. Sohio at the moment is a desirable investment as an Alaskan oil producer. When it owns Kennecott, its exposure to oil production will be proportionately reduced. And the chance for institutions to invest directly in Kennecott (which they can in any case do much more cheaply than Sohio can) will have been lost.

While they are in progress, though, these huge bids make for exciting stock market conditions. If they go through, in the face of anti-trust investigation, a lot of cash will be pumped into the hands of investors, and much of it will go back into the remaining independent mineral stocks such as Asarco and Phelps Dodge, notwithstanding falling production, falling metal prices and falling profits. Similarly, RTZ was strong in London yesterday, spurred on by that old chestnut of a bid from Shell.

Meanwhile, if the oil companies go on showing they have nothing better to do with their cash, they should not be surprised that all the budget-balancing governments around the world try to take it off them.

Ward/Tunnel

Thomas W. Ward's offer for Tunnel Holdings hardly comes out of the blue. Ever since it took over 29.9 per cent of the votes in Tunnel in 1973, Ward has been waiting for the appropriate moment to strike. In 1978, when it challenged the Tunnel purchase of Barrow Hepburn's speciality chemicals business, it was too highly geared to make a full takeover bid. Since then gearing has improved dramatically. Ward's latest balance-sheet shows net debt of £6.2m and this will have fallen still further in recent weeks with the conversion of £4½m or so of loan stock. Nevertheless, *there is no question of* an all-cash offer; this deal values the outstanding equity of Tunnel at about three-quarters of Ward's own net tangible assets.

Tunnel's profit record over the last 10 years is better than Ward's and it is more highly rated by the market. Moreover, with extra profits from the expansion of the joint Ribblesdale cement works in prospect in about two years, plus the contribution from Tunnel's proposed purchase of Alcolac in the U.S., Ward may consider that if an offer is not made now, the quarry may well get away for ever.

Tunnel's defence promises to be vigorous. Ward's industrial arguments look shaky at first sight, and it will find it hard to attack. Tunnel's management record given the successful diversification it has achieved since the mid-1970s. Indeed, Ward has *had* to *admit* that Tunnel's strategy in the Barrow Hepburn chemical purchase has proved correct and by implication that its own opposition ill-founded. Tunnel's defence document is likely to forecast a £3m jump in pre-tax profits in the year just completed to £13½m or so, while a current cost dividend cover of more than 2¼ times gives scope for plenty of aggression on the income front.

Chloride

Running a battery company is about as precarious a business as managing Crystal Palace these days. Yet the announcement that Chloride is replacing its well-regarded chief executive will still raise eyebrows—coming as it did on a Friday afternoon just a few weeks after an earlier boardroom shuffle.

In the last few months, City analysts have been revising their hopes of a profits recovery from Chloride in the second half of its year to March, and are now projecting an overall loss of up to £10m before tax. Despite the weakness in the lead price, the financial gearing *must* still be high with shareholders' funds slipping down towards £100m and debt not much lower than that. The shares were unchanged at 38p yesterday, where the market capitalisation is £48m, and the preliminary figures come out in June.

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